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**EVALUATING THE ANTECEDENTS OF ENTREPRENEURS'  
AL- FALAH (SUCCESS) IN KEDAH**

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**MASTER OF ISLAMIC BUSINESS STUDIES  
UNIVERSITI UTARA MALAYSIA  
April 2019**

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**AL- FALAH (SUCCESS) IN KEDAH**

**BY**

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**Research Paper Submitted to  
Dean of Othman Yeop Abdullah Graduate School of Business  
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In Partial Fulfillment of the Requirement for The Master of Islamic Business  
Studies**



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## ABSTRACT

Entrepreneurship has undeniable contribution to individuals, society and to the economic growth of the country and entrepreneurship from Islamic perspective is to achieve *al-falah* which is to seek the pleasure of Allah and not profit oriented. The numbers of company termination is increasing as recorded in the SSM 2017 annual report. In order to avoid failure, positive action must be conducted to ensure the successfulness of the entrepreneurs. This study then attempted to examine the relationship between five antecedents and the entrepreneurs' *al-falah* (success) in Kedah and the respondents is the entrepreneurs at Pekan Rabu Alor Setar and Kompleks Haji Ismail Group (HIG) Langkawi. Quantitative research design is employed in this study where survey is used as the main instrument for gathering data. The antecedents examined are honesty, tenacity, managing risk, religiosity and Islamic motivation, towards the dependent variable which is the *al-falah* (success) of the entrepreneurs. The sample study comprises 196 entrepreneurs and the data is analysed using SPSS version 21 and Smart Partial Least Squares (PLS) method version 3. The finding of the study revealed that three antecedents have positive relationship towards the entrepreneurs' *al-falah* (success); managing risk, religiosity and Islamic motivation while the most influential antecedent for the entrepreneurs to achieve *al-falah* is the managing risk. This study then can improve the performance of the entrepreneurs and the related body or institution can develop and conduct relevant program to the entrepreneurs. This action consequently will contribute to the economic growth. Further study can be conducted within selected industry or business type at larger sample.

**Keywords:** entrepreneurs, *al-falah* (success), honesty, tenacity, managing risk, religiosity and Islamic motivation.

## ABSTRAK

Keusahawanan mempunyai sumbangan yang tidak dapat dinafikan kepada individu, masyarakat dan pertumbuhan ekonomi negara dan keusahawanan daripada perspektif Islam adalah untuk mencapai *al-falah* dan keusahawanan daripada perspektif Islam adalah untuk mencapai *al-falah*, iaitu untuk mendapat keredhaan Allah dan tidak berorientasikan keuntungan semata-mata. Angka penutupan syarikat meningkat seperti yang direkodkan di dalam laporan tahunan SSM 2017. Untuk mengelakkan kegagalan, usaha positif mesti dilakukan untuk memastikan kejayaan usahawan-usahawan. Kajian ini dilakukan untuk mengkaji hubungan lima faktor dan *al-falah* (kejayaan) usahawan-usahawan di Kedah dan responden yang terlibat adalah di Pekan Rabu Alor Setar dan Kompleks Haji Ismail Group (HIG) Langkawi. Kajian kuantitatif digunakan dalam kajian ini di mana kaji selidik adalah instrument untuk mendapatkan data. Faktor-faktor yang dikaji ialah kejujuran, kesabaran, pengurusan risiko, agama dan motivasi Islamik terhadap pemboleh ubah bersandar iaitu *al-falah* (kejayaan) usahawan-usahawan. Sampel kajian ini adalah 196 usahawan-usahawan dan data dianalisa menggunakan SPSS versi 21 dan *SmartPLS* versi 3. Kajian ini menemukan tiga faktor yang menunjukkan hubungan yang positif kepada *al-falah* (kejayaan) usahawan-usahawan di Kedah iaitu pengurusan risiko, agama dan motivasi Islamik, manakala faktor yang paling mempengaruhi *al-falah* (kejayaan) usahawan-usahawan di Kedah adalah pengurusan risiko. Kajian ini seterusnya akan meningkatkan pencapaian usahawan-usahawan dan badan-badan atau institusi tertentu boleh membangunkan dan menganjurkan program yang bersesuaian untuk usahawan-usahawan. Tindakan ini seterusnya menyumbang kepada perkembangan ekonomi negara. Kajian seterusnya boleh dilaksanakan pada industri atau jenis perniagaan tertentu pada populasi/sampel yang lebih besar.

**Kata kunci:** usahawan-usahawan, *al-falah* (kejayaan), kejujuran, kesabaran, pengurusan risiko, keagamaan dan motivasi Islamik.

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## LIST OF ABBREVIATION

AVE	Average Variance Extracted
CR	Composite Reliability
HIG	Haji Ismail Group
HTMT	Hetereotrait-Monotrait
GDP	Gross Domestic Products
MARA	Majlis Amanah Rakyat
SmartPLS	Smart Partial Lease Square
SME	Small and Medium Enterprise
SSM	Companies Commission of Malaysia
SPSS	Statistical Package for The Social Science
TEKUN	Tabung Ekonomi Kumpulan Usaha Niaga



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## CHAPTER ONE

### INTRODUCTION

This chapter will explain the overview of the research consisting of the overview of the study, problem statement, research question and research objectives. Then, it will also present the significance of study, scope and limitation and followed by the organization of the research paper.

#### 1.0 Introduction

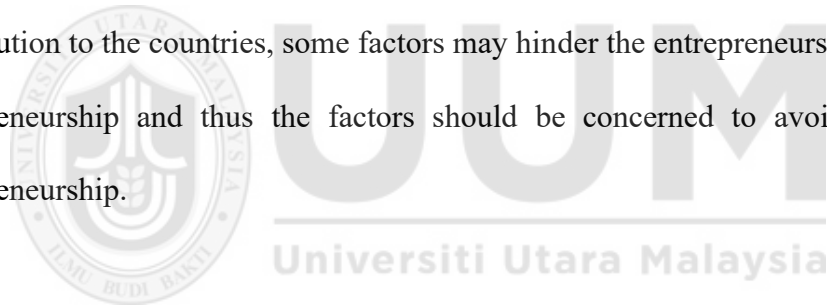
Entrepreneurship from Islamic perspective is to achieve *al-falah* (success), where the aim is to seek the pleasure of Allah and to conduct the entrepreneurship according to Islam guidance (*Shariah*). Islamic entrepreneurship also emphasizes the application of Islamic values such as sadaqah, pay the zakah and avoid stealing, tightfisted and corruption as well as manipulation (Shuhairimi, 2013). In addition, *al-falah* is perceived to motivate and to persuade the entrepreneurs to work hard and be successful (Kalsom and Ahmad, 2014) and maintaining the good relationship with Allah (*hablumminnallah*) is the main prerequisite for Muslim entrepreneurs towards success (*al-falah*) (Syarifah et al., 2018).

Entrepreneurship's contribution to the economic sectors of countries worldwide is undeniable and the issue on entrepreneurship is widely discussed globally such as the success of the entrepreneurs (Nadratur Nafisah et al., 2018). The Small and Medium Enterprise (SME) definition also may varies between countries and organizations as mentioned by Benzing et al. (2009). The number of employees, total net assets, sales and



investment levels usually differentiate the definitions between micro, small, medium and large at international level (Mandhachitara & Allapach, 2017).

The entrepreneurship is the economic growth driver across the globe, creates new jobs (Ardic et al., 2011; Chittithaworn, 2011; al-Mutairi et al., 2017) provides new products, services and contributes to the society (Cooney et al., 2011). In terms of the economic growth, studies show that the small and medium enterprise development is interrelated to the growth, where a positive relationship between the relative size of the SME sector and economic growth is found (Ardic et al., 2011) and seconded by researchers who state that the entrepreneurship can develop the economy and employment creation. Despite the contribution to the countries, some factors may hinder the entrepreneurs to success in the entrepreneurship and thus the factors should be concerned to avoid failure in the entrepreneurship.



## **1.1 Background of the Study**

Entrepreneurship is growing in Malaysia and contributes to the economic growth of the country. It is considered as one of the effective indicators for economic development and social inclusion (Grine et al., 2015) and according to Ardic et al. (2011), entrepreneurship can be regarded as the engines of economic growth worldwide. Malaysia's Small and Medium Enterprises Gross Domestic Product (GDP) in the fourth quarter in 2018 accelerates to 4.7% compared to the fourth quarter in 2017 (Department of Statistics Malaysia, 2019) and this shows the importance of the entrepreneurs contribution to the country economic growth.

Besides, Companies Commission of Malaysia (SSM) also reports that there is an increment of number of entrepreneurs in recent years and SSM annual report 2017/18 state that Kedah contributes to 5.4% to the total of SME establishment. The local companies registered recorded in SSM are also showing big numbers of 47,292 local companies and 47,831 companies in 2018 and 2017 respectively. Moreover, the latest registration in January 2019 recorded 31,867 companies have been registered. This number is increasing from year to year and the factors to success must be concerned to avoid failure in future.

The SME is categorized into three; micro, small and medium enterprises which are defined by the total sale turn over and the number of workers based on two types of sectors as described in Figure 1.1.1.

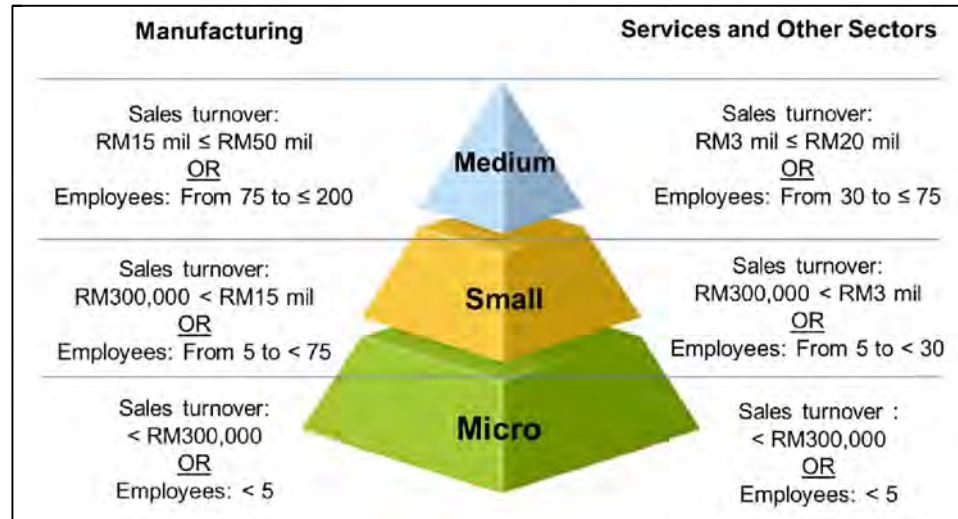


Figure 1.1.1  
*The Definition of Category; Micro, Small and Medium*

The micro enterprise refers to the sales turnover which is less than RM300,000 or the number of employees are less than five for manufacturing sectors and services as well as other sectors. For small enterprise, the turn over achieved is between RM300000 to less than RM15 million or the employees are from 5 to 75 for manufacturing sectors. For the services and other sectors, the sales turnover is between RM300000 to less than RM3 million or 5 to less than 75 employees. Last but not least, the medium enterprise is for sales turnover of RM15million to RM50 million or having 75 to 200 employees for manufacturing sectors, while for services and other sectors, the medium enterprise is for sales turn over more than RM3 million to RM20 million or number of employees from 30 to 75.

In addition, the increment of entrepreneurs recently is mainly driven by current economic situation. They struggle to improve their quality of life, to maximize the potential as well as for the society contribution (Fatimah et al., 2013). Ros et al. (2008) adds other factors

that encourage the entrepreneurs to participate in entrepreneurship are to achieve freedom, better income, provide job opportunity or offer new service or product to the society.

Being a successful entrepreneurs is important as the performance will trigger to high-income and knowledge-based economy which can be seen through to the national GDP (Moorthy et al., 2012). For instance, the Malaysia's Small and Medium Enterprises GDP in the fourth quarter in 2018 accelerates to 4.7% compared to the fourth quarter in 2017 (Department of Statistics Malaysia, 2019).

Besides, Muslim entrepreneurs should take good example of the Prophet Muhammad ﷺ as He is the messenger of Allah hence the best example to the Muslims. The Islamic history recorded that the Prophet Muhammad ﷺ as a great and successful entrepreneur (Kalsom & Ahmad, 2014) as well as Saydatina Khadijah RA is a good example of successful businesswoman (Ilhaamie, 2017).

Previous studies on the successful entrepreneurs examined on many antecedents such as the Contingency Theory (Moorthy et al., 2012), Islamic human capital (Ahmad Rafiki et al., 2014), Muslim entrepreneurs' personality (Yazilmiwati & Ilhaamie, 2012), motivation (Nadratun Nafisah et al., 2017) and others. Throughout the literature review, the antecedents to success has been discussed earlier. However, the literature reviews on the antecedents from Islamic perspective is limited. This research then attempts to examine the antecedents of Malaysian entrepreneurs' *al-falah* (success) from the theory of entrepreneurial success. This paper also intends to study the religiosity as the antecedent to the success of the entrepreneurs as suggested by Nadratun Nafisah et al. (2017) in their

research; to identify the factors to boost the entrepreneurs to *al-falah* (success).

## 1.2 Problem Statement

The discussion on the factors to the entrepreneurs' *al-falah* (success) have been discussed worldwide and in Malaysia, the studies on the success is important as SMEs is increasing in numbers monthly. The SSM reports show an increasing numbers of the entrepreneurs every year and the recent registration of the local companies is showing a figure of 31,867 companies in January 2019.

Entrepreneurship is related to the SMEs big contributions to Malaysia from various industries and sectors. The achievement of country's GDP indicates a positive result where in fourth quarter in 2018 accelerates to 4.7%, compared fourth quarter in 2017 (Department of Statistics Malaysia, 2019). SMEs is one of the significant mechanisms to the country for the economic growth, new job opportunities and to reduce the poverty among the society (Noraini & Nurul Fatihah, 2015). Fisher et al. (2014) also agrees that the successful entrepreneurs will contribute to the society.

Despite of the increasing number of entrepreneurs and their contribution to the economic growth, there is also an increment of the cancellation of SMEs and decrement of the renewal of the business license (Nadratur Nafisah et al., 2018). As recorded by SSM in the latest report of SSM annual report in 2017 as in Table 1.2.1, it is recorded in the years of 2015 to 2017, the business registration is decreasing, while the renewal is increasing. Also, the business changes are increasing and the business termination in 2017 are also

increasing to 48632 compared to the previous years which is 30547 registration of termination. From the data, the increasing termination of companies indicates that the entrepreneurs are facing problem in improving their performance in the business and also caused by other factors.

Table 1.2.1  
*The registration over the counter at SSM*

TOTAL REGISTRATION OVER THE COUNTER			
FORM	2017	2016	2015
FORM A (BUSINESS REGISTRATION)	361,600	365,431	364,230
FORM A1 (RENEWAL)	620,246	426,845	372,186
FORM B (BUSINESS CHANGES)	209,104	205,195	223,744
FORM C (BUSINESS TERMINATION)	48,632	30,547	35,450
<b>TOTAL</b>	<b>1,239,582</b>	<b>1,028,018</b>	<b>995,610</b>

Source: SSM Annual Report, 2017

The antecedents for the entrepreneurs need to be studied carefully as they may rooted from various causes. The attention and concern to the antecedents will assist and boost up the entrepreneurs development and lead to success.

In addition, as Muslim entrepreneurs, they should succeed as the Prophet Muhammad ﷺ had been a great entrepreneur in Islamic history and Muslims should take the Prophet Muhammad ﷺ as the role model in life, to succeed in both the world and hereafter.



Saydatina Khadijah RA is also considered as the successful business woman (Ilhaamie, 2017).

Previous literature shows that the failure of business can be due to few antecedents. Nadratun Nafisah et al. (2018) states that the competition among the entrepreneurs high as well as to grab the opportunities in the current market. While Ahmad and Kalsom (2014) stress the constraints of the entrepreneurs to success is from the managerial aspect of the entrepreneurship. Thus, this problem must be encountered to ensure their survival in the entrepreneurship as well as to achieve *al-falah* (success).

Previous researches define success based on different instruments, but most of the instruments are without the inclusion of Islamic values and belief in their research. Few studies are found to use the Islamic practice as the moderator (Nadratun Nafisah et al., 2018; Nadratun Nafisah et al., 2017) and recommends to study the religious factors towards the entrepreneurs' *al-falah* (success) in Kedah. Therefore, this research examines the religiosity as well as Islamic motivation which derived from the Islamic religiosity theory and motivation towards the entrepreneurs' success.

### **1.3 Research Questions**

The research questions addressed in this research are:

1. Is there any significance difference among the groups of (type of business and business duration) towards entrepreneurs' *al-falah* (success) in Kedah?
2. Is there any relationship between the entrepreneurial success (honesty, tenacity and managing risk) and entrepreneurs' *al-falah* (success) in Kedah?

3. Is there any relationship between the religiosity and the entrepreneurs' *al-falah* (success) in Kedah?
4. Is there any relationship between the Islamic motivation and the entrepreneurs' *al-falah* (success) in Kedah?

#### **1.4 Research Objectives**

The objectives of this study can be stated as follow:

1. To identify the significant difference among groups of demographic factors (type of business and duration of business) towards entrepreneurs' *al-falah* (success) in Kedah.
2. To examine the relationship between the entrepreneurial success (honesty, tenacity and managing risk) and entrepreneurs' *al-falah* (success) in Kedah.
3. To examine the relationship between the religiosity and the entrepreneurs' *al-falah* (success) in Kedah.
4. To examine the relationship between Islamic motivation and the entrepreneurs' *al-falah* (success) in Kedah.

#### **1.5 Significance of the Study**

The research is expected to contribute to the development and to support the entrepreneurs towards *al-falah* (success) among the entrepreneurs in Kedah. The entrepreneurs then will be motivated to achieve success by assimilating the antecedents. Some antecedents studied also embedded with the Islamic values as Islam never separates the daily routines, and at the same time conveying the message of conducting the business based on Islamic principles. Few researchers also recommend to study the level of religious practices

pertaining the success of entrepreneurs (Nadratun Nafisah et al., 2018) and thus, the religious is one of the antecedents examined in this study to improve their performance in the business and success both the world and hereafter.

Moreover, the growth of economy of the country can be increased and meet the needs for the pace of industrialization in future (Firdaus et al., 2009). Therefore, related authorized bodies such as MARA, SME and others can take into account the factors studied and propose relevant training as well as cultivating the entrepreneurs with Islamic values of honest and patience throughout their program. Hence, the entrepreneurs will be blessed and successful in the world and hereafter.

In terms of knowledge, this research will enhance the knowledge to the entrepreneurs' and literature on Islamic value pertaining to the performance since the antecedents studied previous research is different from the previous. The antecedents studied underlie the theory of entrepreneurial success, theory of Islamic religiosity and motivation theory.

## **1.6 Scope and Limitations of the Study**

The data is collected from the entrepreneurs in Pekan Rabu Alor Setar and Kompleks HIG Langkawi by using the self-administered questionnaires as the study aims to evaluate the antecedents of entrepreneurs' *al-falah* (success). The independent variables examined are the honesty, tenacity, managing risk, religiosity and Islamic motivation, while the dependent variable is the *al-falah* (success) of the entrepreneurs in Kedah. Both Pekan Rabu and Kompleks HIG are synonym for the Malay business centre and can

accommodate many Malay entrepreneurs to provide services and food to visitors.

Pekan Rabu is officially opened in 1978 by the then-Deputy Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad where Pekan Rabu now is a modern four-storey building with more attractive design after a series of renovation done since its establishment (<https://blog.tourism.gov.my/pekan-rabu/>). Pekan Rabu then turned to be an important landmark for Kedah. Meanwhile Kompleks HIG Langkawi is owned by HIG Langkawi Holdings Sdn Bhd which is officially established in 16 November 2009. Its shareholders comprise of eight persons from family of Haji Ismail bin Ahmad and one of HIG's mission is to be a pioneer company which can penetrate the global market.

The findings of this study have to be seen in light of some limitations. The limitation refers to the obstacles present that are beyond the control of the researcher. For instance, in terms of the sampling and the cooperation. The sampling frame of the premises from Pekan Rabu and Kompleks HIG cannot be obtained from the person in charge due to private and confidential matter. Thus, this cause the simple random sampling cannot be employed in this study.

The second limitation is the cooperation from some of the entrepreneurs to answer the questionnaire. Some of them refused to answer the questionnaire due to insecurity as they thought the questionnaire will interrupt their business privacy. Besides, the entrepreneurs of food and beverage are busy working and preparing the food, which has given them the chance to find excuse not to answer the questionnaire. The older respondents are perceived to have less interest to cooperate in the study. Besides, some of the premises are closed.

Next, the limitation is due to the time constrain and unexpected problem at early stage of progress as the proposed population at the beginning does not meet the criteria as well as it is a new experience to the researcher.

### **1.7 Organization of the Research Paper**

The research paper consists of five chapters, which are the introduction, literature review, methodology, results and discussion and ended with recommendation and conclusion. The first chapter contains the introduction, background of the study, problem statement, research questions, research objectives as well as scope and limitations of the study and the organization of the research paper.

The second chapter consists of the underpinning theory and discussion on previous research on the independent and dependent variable. This chapter also discusses the factors that influence the entrepreneurs' *al-falah* (success) as well as the hypothesis of the research.

The third chapter focuses on methodology of the research which consists of research design, hypothesis development and measurements on variables. Operation definition, data collection, sampling and analysis techniques are also discussed in this chapter.

The fourth chapter presents the results and discussion on the topics studied, the response rate, demographic profiles analysis and reliability of the instruments. The analysis of descriptive and inferential is presented and ending with the summary of the results from

the research. The implication and recommendations of the studies is included in the last chapter. The conclusion then is summarized in this chapter to achieve the research objectives and answer the research questions.





## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

Chapter 2 explains the underpinning theory and literature reviews from various sources related to the independent and dependent variables. It includes meaning and the concepts of the variables.

#### 2.1 Previous Theory (Underpinning Theory)

The underpinning theory used in this research to evaluate the antecedents of the entrepreneurs' success are the entrepreneurial success, the Islamic religiosity and the motivation. The entrepreneurial success antecedents refer to the tenacity, managing risk and honesty as shown Figure 2.1.1, while the other two antecedents are religiosity and Islamic motivation.

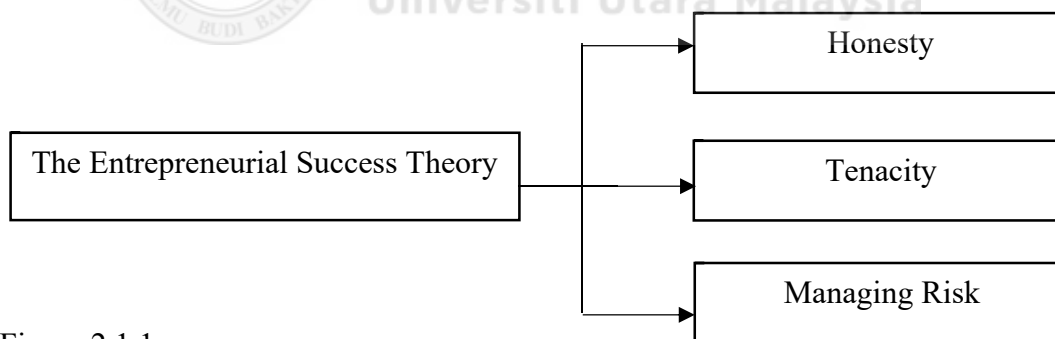


Figure 2.1.1  
*The Entrepreneurial Success Theory*

#### 2.2 The antecedents of the entrepreneurs' success.

There are many antecedents studied by previous researchers concerning the entrepreneurs' success as the success is highly important to the country in regards of the GDP (Moorthy

et al., 2012) and the development of the country. The antecedents are motivation (Moi et al., 2017), source of capital (Fatimah et al., 2013), support from others (Zafir & Fazilah, 2014), appropriate HRM (Moorthy, 2012), Islamic human capital (Ahmad et al., 2014) and others. Next, the literature reviews explain on the independent variable and dependent variable of entrepreneurs' *al-falah* (success).

### **2.2.1 Honesty**

Honesty is defined as speaking the truth despite any situation (Siti Khadijah et al., 2015) or not hiding the matters that should be revealed. Regarding the entrepreneurship, the issue raises in the dealing is the morality. The article also mentions applying the Muamalat principle to protect them from violence, cheating and fraud (Norudin & Azman, 2010). Islam which is based on the al-Quran and *as-sunnah* emphasized the implementation of honesty, justice and brotherhood among the entrepreneurs as well as to avoid any misunderstanding in the transactions (Ilhaamie et al., 2017). Besides, the Prophet is described as a successful businessman and practice the honesty and trustworthiness (Ziaurrahman, 2015).

According to Shuhairimi (2013), honesty is one of the pure values that must be assimilated among the entrepreneurs other than the pure values of trust, clean, fair and responsible in order to succeed in the entrepreneurship. (Rauch & Frese, 2000) state that the personality characteristics will consequently lead to the entrepreneurial success. Buerah & Hussin (2011) stated that the negative values such as dishonesty, cheating, late payment or unpaid loan received as well as no knowledge improvement and no accountability will cause the

entrepreneurs to be less success.

From the literature done, the honesty is also studied by the researchers in terms of the personality of the entrepreneurs which trigger them to success, but only few. A study by Fatimah et al. (2013) studies on the factors of entrepreneurs' success among 300 AIM entrepreneurs. The result concludes that the successful entrepreneurs is associated to the personalities and values of the entrepreneurs. This is because the personalities influence their implementation on the entrepreneurial activities in daily tasks.

Ahmad and Kalsom (2013) also mentions that the element of honesty or niyyah of ibadah is crucial towards good satisfaction which relates to the performance and the study of honesty towards the Islamic work ethics showed that the honesty is significant. Siti Khadijah et al. (2015) in their research shows that the honesty is significant.

Honesty may be cited as the most important ingredient of a successful business, in part because Islamic values play an important role in conducting business (Arslan, 2000). Entrepreneurs are expected to adhere to Islamic values such as honesty, respect, and obedience to elders. As discussed by Zapalska et al. (2005), Muslim entrepreneurs should avoid dishonesty, fraud, deception, and coercive practices, as well as hoarding, speculation, and collusion among producers. Graafland et al. (2006) discussed several principles of Islam that should be incorporated into all business practices. These principles include the right to own property, freedom, justice, honesty, sincerity, truthfulness, exactness in weight and measurement, leniency, and servitude. Furthermore, Islam prohibits cheating and lying (Benzing et al., 2009).

Honesty as the independent variable is less studied pertaining the successful of entrepreneurs. Siti Khadijah et al. (2015) studies the honesty as one of the dimension of Islamic Work Ethics (IWE) among the employees of banking sectors. Therefore, this study is to determine the relationship of the honesty to the entrepreneurs' success.

H<sub>1</sub>: There is a positive relationship between honesty and the entrepreneurs' *al-falah* (success) in Kedah.

### **2.2.2 Tenacity**

Tenacity refers the entrepreneurs' hard work to strive to be the best in the entrepreneurship. It also describes as the ability to complete the task on time, understand the business trends and monitor and to achieve higher profit (Firdaus et al, 2009) and can be related to commitment, able to work for long hour, perseverance, energetic, flexibility and work without pressure. The entrepreneurs must have the tenacity as it can enable them to succeed and perform well (Mastura, 2017).

Previous study by Ishak (2011) demonstrates that the success of the Malay entrepreneurs in Langkawi is contributed by the internal antecedents of the entrepreneurs; the perseverance and strong will which refers to the tenacity and according to (Zafir & Fadilah, 2014), the religious duty and honesty factor are the most significant factors affecting the entrepreneurs' *al-falah* (success).

The qualitative study by Firdaus et al. (2009), ranking the qualities that an entrepreneur should have tenacity. In the study, they rank eight qualities which are the advancement drive, achievement oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism.

However, there is limited research which uses tenacity as the independent variables towards the entrepreneurs' success. Therefore, this study is to determine the relationship of the honesty to the entrepreneurs' *al-falah* (success).

H<sub>2</sub>: There is a positive relationship between tenacity and the entrepreneurs' *al-falah* (success) in Kedah.

### **2.2.3 Managing risk**

According to Firdaus et al. (2009), managing risk is the struggle of the entrepreneurs to be the pioneer in the industry and to achieve realistic goals. It also refers to the act of the entrepreneurs to do research and assess the possible risk factors, and expand business gradually which includes the ability of the entrepreneur to use the resources efficiently and being consistently aware of their strength and weaknesses. Syed Awais (2011) described that the risk management is the process of managing the unexpected condition effectively by the entrepreneurs to avoid loss.

Firdaus et al. (2009) in their research has surveyed a total of 1,500 Bumiputera entrepreneurs from all states in Malaysia to examine the factors of success and failure to ensure the

Bumiputera entrepreneurs to avoid failure and implement factors which can contribute to success. The study discovered eight factors to the success of Bumiputera entrepreneurs, which are advancement drive, achievement oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism.

For instance, Mohamad Yazis et al. (2015) emphasized the credit risk management in their research and Dima (2009) states the managing and analyzing risk is important process in operating the entrepreneurship. The ability of the entrepreneurs of risk managing is important to success. The managing risk is studied pertaining the entrepreneurs' success (Kumaran & Nair, 2007; Ramananda & Habib, 2012; Moloi & Rapita, 2014; Firdaus et al., 2009).

Previous research shows that the risk managing is proven as a significant antecedent towards the entrepreneurs' *al-falah* (success) (Firdaus et al., 2009; Kumaran & Nair, 2007; Ramananda, 2013; Raduan et al., 2006). Ramananda & Habib (2012) examined the entrepreneur traits and reveal that the innovation, futuristic mind set, risk taking ability, adaptability and commitment are crucial factors to lead the entrepreneurs to successful in the entrepreneurship.

In addition, Firdaus et al. (2009) studied 1500 *Bumiputera* entrepreneurs and has ranked the characteristics of the entrepreneurs to success are advancement drive, achievement oriented, commitment, decision-making ability, managing risks, tenacity, networking, and optimism. Besides, the study also concluded the failure factors of the entrepreneurs are influenced by the competition, lack of competency and capital to run the business, fail to



achieve customer satisfaction and others.

Shuhairimi (2013) in his research studies the pure values that must be applied in the entrepreneurship by the successful MARA entrepreneurs listed is the susceptibility. In addition to that, other values are the financial management, knowledgeable, as well as a substantial business network and good in time management. However, Rauch & Frese (2000) oppose that the high taking risk has no relationship with the success of the entrepreneurs. Hence, this study is to determine the relationship of the honesty to the entrepreneurs' success.

H<sub>3</sub>: There is a positive relationship between managing risk and entrepreneurs' *al-falah* (success) in Kedah.

#### **2.2.4 Religiosity**

The religiosity refers to the quality and attitude of a person which is in accordance to the religious values that become beliefs as well as the substance of the noble values of religious and tend to turn away from religious formalities (Amaliah et al., 2015). Mokhlis (2006) defines religiosity as the level of commitment to his religion and commonly used interchangeably with the term “spirituality” (Radiah et al., 2013). According to Abu Bakar et al. (2018), the religious refers to the five times in a day perform the *solah*, pray the *zakat*, spend money to the needy or *infaq* and perform *sunnah* prayer such as *tahajud* and *dhuha*.

Religion is found to be an important factor which will influence the attitudes and behaviors at the individual and society (Mokhlis, 2010) as Islam as a religion from Allah the Almighty has sent His Prophet Muhammad ﷺ to guide the ummah through al-Quran and *as-sunnah*. Islam is a religion which is *rahmatan lil a'lamin* (a blessing to all creatures in this world) and *syumul* (a comprehensive religion) which covers all aspects of human life, including the entrepreneurship. Thus this shows the influence of religion towards the behavior of the entrepreneurs and consequently make them to be success entrepreneurs.

A Muslim should concern his actions to be in line with *Shariah* requirement and Islamic principles as has been conveyed by the Prophet Muhammad ﷺ. This will influence the whole human personality, behavior, lifestyle, attitudes towards human beings or *akhlak* that covers the relationship between a slave with Allah (*habmumminallah*) and between a human and another (*hablumminannas*).

Islam does not separate religion and human's daily routine and Islam guides all the human activities based on al-Quran and *as-sunnah* and thus will influence the action to be implemented in accordance to Allah's command and avoid activities that Allah has prohibited. Besides, religion will ensure the human to manage the Earth wisely for human benefits and avoid destruction as well as plays his role as the vicegerent on the Earth mentioned by Allah in surah *al-Baqarah*, verse 30.

Meaning:

*And [mention, O Muhammad], when your Lord said to the angels, "Indeed, I will make upon the earth a successive authority." They said, "Will You place upon it one who causes corruption therein and sheds blood, while we declare Your praise and sanctify You?" Allah said, "Indeed, I know that which you do not know."*

The religious factor then shapes the action of an individual in the business dealings; in transaction, towards staff and customers and others which consequently will contribute to the success to the entrepreneurs.

From the literature reviews, the religiosity is agreed to have a significant impact on human lives, as the religious beliefs could significantly influence and guide people decision making and their behavior (Mohamad Zulkifli & Mohd Rosli, 2013; Isa et al., 2011). The previous research reveals that little studies exist on the religiosity antecedent towards the success. Few studies on the religiosity shows that it significant towards the entrepreneurs' success (Fatimah Salwa et al., 2013). However, some researchers study the religiosity as the mediator towards the success (Nafisah et al., 2018; Mohamad Zulkifli & Mohd Rosli, 2013).

The religiosity is also used by the researchers to study other dependent variables which are shopping behavior (Safiek, 2006), the satisfaction (Ahmad & Kalsom, 2013), product knowledge (Tengku Wasimah et al., 2015). However, the studies by Tengku Wasimah et al. (2015), the study fails to prove the significance of the religiosity towards the products' knowledge of Islamic banking employees. Hence, this study is to determine the relationship of the religiosity towards the entrepreneurs' success in Kedah.

H<sub>4</sub>: There is a positive relationship between religiosity and the entrepreneurs' *al-falah* (success) in Kedah.

### **2.2.5 Islamic Motivation**

Motivation comes from the Latin word “movere” (to move) which means the psychological force that drives people to take actions (Yazilmiwati & Ilhaamie, 2012), while according to Jordaan (2014) motivation is the basic spectrum which is based of the human needs; from the need to survive to the highest need of motivation achievement and also refers to the methods of creating high level of enthusiasm to reach organizational goals, and accommodated by satisfying the individual need (Islam et al., 2014).

The early theories of motivation introduced are Maslow’s hierarchy of needs, Herzberg Motivation/Hygiene theory and Victor Vroom’s Expectancy theory (Islam et al., 2014). According to Nadia (2014), there are three types of motivation i.e. extrinsic motivation, intrinsic motivation, and amotivation. (Waseem & Yawar, 2013) in their research examine the motivation (the intrinsic and extrinsic) towards the employee engagement in one of the banks in Pakistan. The research reveals that both intrinsic and extrinsic of motivation are significant factors towards the employee engagement.

The conceptual paper by Zulkifli Khair et al. (2016) has reviews various motivation model from the western and Islamic perspectives and from Islamic perspective, the Muslim philosopher and psychologist presented the motivation model such as taqwa model, khaufwaraja’, total motivation model, Islamic model motivation, and divine motivation, where each model has its own concept and some of the model then leads to another theories.

The intrinsic motivation is perceived to have significant impact to the success of the

entrepreneurs (Syed Shah et al., 2011; Nadratun Nafisah et al., 2017; Grine et al., 2015; Wasem & Yawar, 2013) and those entrepreneurs who can cope with the challenges have high motivation and goals and directly cause them to success (Mohammed Rizki et al., 2017). However, few study shows negative significant towards the success of the entrepreneurs (Nurulhayah & Muhammad Hafizuddin et al., 2016). Hence, this study is to determine the relationship of the Islamic motivation towards the entrepreneurs' success in Kedah.

H<sub>5</sub>: There is a positive relationship between Islamic motivation and the entrepreneurs' *al-falah* (success) in Kedah.

### **2.3 The entrepreneurs' *al-falah* (success)**

The word entrepreneur is derived from the French verb “entreprendre” which means to undertake” (Jordaan, 2014) and according to (Ramananda & Rahman, 2012), the word “entrepreneurs” usually refers to individuals who undertake new initiatives that are innovative and creative, while Ilhaamie et al. (2013) defines entrepreneur as a person with physical ability, financial and energy to achieve the benefits.

From Islamic perspective, the Muslim entrepreneurs who implement the Islamic practice and principle as well as embed the Islamic spirituality will attain success (*al-falah*). It is supported by the Surah *al-A'la* from verse 14-17 as below:

*“Indeed whoever purifies himself shall achieve success. And remembers the Name of his*

*Lord and perform salah. Rather you prefer the life of this world. Although the life Hereafter is better and more lasting” (87: 14-17)*

Entrepreneurship from Islamic perspective is to achieve *al-falah* (success), where the mission is to seek the pleasure of Allah but also to conduct the entrepreneurship according to the Islam guidance (*Shariah*) and also to apply Islamic values such as sadaqah, pay the zakah and avoid the stealing, stingy and corruption and manipulation (Shuhairimi, 2013). *Al-falah* is perceived to motivate and trigger the entrepreneurs to work hard and success (Kalsom and Ahmad, 2014).

Entrepreneurship has been practiced by the Prophet Muhammad ﷺ long time ago as recorded in Islamic history and convey teachings from Allah and become a role model to be followed by all Muslim (Kalsom & Ahmad, 2015). The business is practiced in accordance to Islamic values, which is based from al-Quran and *as-sunnah* and stressed the importance of good relations with Allah (*hablumminallah*) in order the entrepreneurs to success. The entrepreneurs must work at their best effort to be a successful entrepreneur like the Prophet Muhammad ﷺ is a successful entrepreneur and Saydatina Khadijah is regarded as the first successful women in Islam (Ilhaamie, 2015).

The term success can be referred to various related terms such as *al-falah*, venture success, entrepreneurial success and performance (Crane and Crane, 2007). The performance itself can be defined by many measurement. Fisher et al. (2014) also argued that the meaning of entrepreneurs' success is still unclear and need further investigation.

In terms of the entrepreneurs' success, many measurements have been used to indicate the performance or success of the entrepreneurs.

Generally, the success or performance can be measured by the financial and non-financial measurement (Fatimah Salwa et al., 2013; Nadratun Nafisah et al., 2018), while Masuo et al. (2001) refers to the financial performance and (Suhaila et al., 2014) mention the success or failure can be contributed by internal and external factors. There are at least two important dimensions of success: financial vs. other success; and short- vs. long-term success (Mandhachitara & Allapach, 2017)

In terms of financial performance, the indicators for entrepreneurs' success are the capital increment (Muhamad Asri & Zaimah Darawi, 2012; Yazilmiwati & Ilhaamie et al., 2012), number of workers, gross income, the quantity of the products (Muhamad Asri & Zaimah Darawi, 2012), the profit achieved must higher than the industry's average (Mohammed Rizki et al., 2017). Yazilmiwati (2016) added the success to be measured using the market size, business capital, increasing profitability, turnover, assets ownership of the assets and the savings growth.

Ahmad and Kalsom (2014) also underline the entrepreneurial success based on three criteria; the trait based, the behavior and the social psychological that underline the entrepreneurial success should be implemented based on the Islamic value as Islam is a *syumul* religion has outlined all aspect of human life to achieve the real success in the world and hereafter.

Some authors then argue that the trait based is not fully explained the entrepreneurial success as the other factors might influence the entrepreneurial success. In contrast to that, some added that the traits and personality is an added value for the entrepreneurs to success and entrepreneurial traits are associated with the drive for the success of the business (Ahmad & Kalsom, 2014).

Many antecedents which contribute the success of the entrepreneurs have been studied by previous researchers as successful entrepreneurs can improve their quality life, contribute to the society and to the country, especially to the Malaysia's GDP.

Regarding the entrepreneurs' success, previous researchers identify the factors such as the training (Zafir & Fazilah, 2014), motivation (Syed Syah et al., 2011; Benzing et al., 2009; Nadratun Nafisah et al., 2017), support (Mohammed Rizki et al., 2017; Zafir & Fazilah, 2011), cultural environment (Fatimah Salwa et al., 2013), appropriate HRM (Makhbul & Mohamad, 2014), marketing capability (Moorthy et al., 2012), Islamic values, trait based; risk taking, tenacity, commitment, (Al Shamaileh & Alnaser, 2018; Ahmad & Kalsom, 2014), attitudes (Muhammad Rafiq et. al., 2016) and many more.

In addition to the personal characteristics of the entrepreneur, few demographic factors indicate that there are positive effects on business success. For instance, the demographic factors are age, gender, education, marital status, race, education, experience in the business or prior experience, and had previous training (Firdaus et al., 2009).



These studies then highlighted that it is significant for the entrepreneurs to concern on the related factors because it affects their goals towards success in the entrepreneurship as Islam perceived both business profit and obligation of Islamic practices to achieve success (*al-falah*).

It is not always possible to measure the performance of small businesses with the same metrics used for larger enterprises. Most studies use a mix of financial metrics such as return on investment, gross profit, return on assets and other revenue statements or balance sheet items, depending on their availability (Mandhachitara & Allapach, 2017).

## **2.4 Summary**

In summary, this chapter explains the literature review on the independent variables; honesty, tenacity, managing risk, religiosity and Islamic motivation and dependent variable which is the entrepreneurs' success. The previous research that have been done also discuss to give clearer view and enhance knowledge on the theory. Therefore, the researcher attempts to evaluate the five hypothesis to know the relationship of the five independent variables towards the successful entrepreneurs are honesty, tenacity, managing risk, religiosity and Islamic motivation.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This chapter focuses on research methodology which explains the research design, hypothesis development, followed by conceptual framework and measurements on variables. Further, the operation definition, data collection, sampling and analysis techniques are also explained in this chapter.

#### 3.1 Hypothesis Development

##### Hypothesis 1

**H<sub>1</sub>: There is a significance difference of demographic groups among the entrepreneurs in Kedah towards the entrepreneurs' *al-falah* (success) in Kedah.**

H<sub>1a</sub>: There is a significant difference of entrepreneurs' *al-falah* (success) among business type of entrepreneurs in Kedah.

H<sub>1b</sub>: There is a significant difference of entrepreneurs' *al-falah* (success) among the business duration of entrepreneurs in Kedah.

##### Hypothesis 2

###### **i. Honesty**

H<sub>2a</sub>: There is a positive relationship between honesty and entrepreneurs' *al-falah* (success) in Kedah.

###### **ii. Tenacity**

H<sub>2b</sub>: There is a positive relationship between tenacity and entrepreneurs' *al-falah* (success) in Kedah.

###### **iii. Managing risk**

H<sub>2c</sub>: There is a positive relationship between managing risk and entrepreneurs' *al-falah* (success) in Kedah.

### **Hypothesis 3**

H<sub>3</sub>: There is a positive relationship between religiosity and the entrepreneurs' *al-falah* (success) in Kedah.

### **Hypothesis 4**

H<sub>4</sub>: There is a positive relationship between Islamic motivation and entrepreneurs' *al-falah* (success) in Kedah.

## **3.2 Conceptual Framework**

A conceptual framework is a conceptual model where the theories make sense logically in the relationship of the significant factors in a problem. Figure 3.2.1 illustrates the conceptual framework in this study:

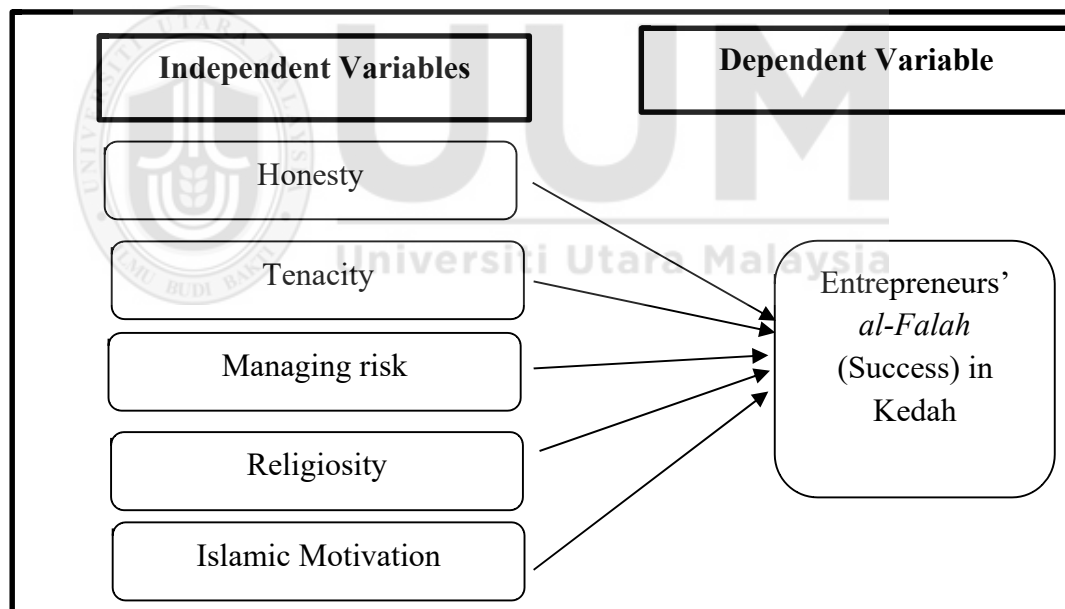


Figure 3.2.1  
*The Conceptual Framework of the Research*

Thus, based on Figure 3.2.1, this research investigates five antecedents of honesty, tenacity, managing risk, religiosity and Islamic motivation on the entrepreneurs' *al-falah* (success) in Kedah.

### 3.3 Research Design

This research is using deductive approach that is conducted to test hypotheses, which is to explain the nature of the relationships, or try to distinguish the groups or the present independent, and in this research particularly the antecedents of Malaysian entrepreneurs' *al-falah* (success). The method adopted in this research is quantitative method and the data is collected using the primary data, through the distribution of questionnaires to the entrepreneurs. The data then analysed by using the SPSS and the SmartPLS method.

The data is collected from each individual entrepreneur in Pekan Rabu Alor Setar and Kompleks HIG Langkawi. The research is a cross-sectional study as the data are gathered just once in a period of time to find the answer of the raised research question as defined by Sekaran & Bougie (2016) in his book.

The primary data is employed in this study which refers to information obtained firsthand on the chosen variables on the specific purpose of study. The data is collected from 202 entrepreneurs in Pekan Rabu, Alor Setar and Kompleks HIG Langkawi. The questionnaires is developed to determine the antecedents of the entrepreneurs' *al-falah* (success).

### 3.4 Operation Definition

#### 3.4.1 *Al-falah*

*Al-falah* (success) in this study is refers to non-financial performance introduced by Kotey & Meredith (1997) and Gadenne (1998). Those items representing the non-financial

measurement as employed in this study are: increased in sales revenue, business stability, profit maximization, organizational growth, industry leadership, increased productivity, lower cost of production, increased personal income to look after family, job creation, community development contribution and flexibility in combining family and work.

#### **3.4.2 Honesty**

Honesty is defined as speaking the truth despite any situation (Siti Khadijah et al., 2015) or not hiding the matters that should be revealed and also regarding the principles of honesty or *niyyah* of *ibadah* which are believed to be the performance key success factors.

#### **3.4.3 Tenacity**

Tenacity is defined as the ability to complete the task on time, understand the business trends and monitor and to achieve higher profit (Firdaus et al., 2009) and can be related commitment, able to work for long hours persistence, energetic, flexibility and work without pressure.

#### **3.4.4 Managing risk**

Managing risk is the act of the entrepreneurs to do research and assess the possible risk factors, and expand business gradually which includes the ability of the entrepreneur to use the resources efficiently and being consistently aware of their strength and weaknesses (Firdaus et al., 2009).

#### **3.4.5 Religiosity**

As defined by Syed Shah et al. (2012), religion as one of the most universal and famous social institution and can influence the attitudes, values and behavior of a person as well as the community. In this study, the items are employed by (Tengku Wasimah et al., 2015) are introduced by Syed Shah et al. (2009), which derived from the Muslim practice of *solat*, fasting, follow the Islamic conjunction, *zakah* and al-Quran recitation.

#### **3.4.6 Islamic motivation**

Motivation refers to the methods of creating high level of enthusiasm to reach organizational goals, and accommodated by satisfying the individual need (Islam et al., 2014). In this research, the Islamic motivation focuses on the intrinsic motivation that are define in terms of interesting work, proceeding to job appreciation, job satisfaction and stress (Waseem and Iqbal, 2013).

### **3.5 Measurement of Variables**

The constructs of the independent variable for honesty, tenacity and managing risk are adopted by Kalsom & Ahmad (2013), the religiosity is adopted from Alam et al. (2008) and Islamic motivation are adopted from Waseem & Yawar (2013) as in Table 3.5.1. The questions is measured on a five- point Likert- scales format (where 1=strongly disagree, 2=disagree, 3=neither disagree nor agree, 4=agree, and 5=strongly agree. The entrepreneurs' *al-falah* (success) as the dependent variables is using the semantic differential scale (1: very dissatisfied, 2: dissatisfied, 3: neutral, 4: satisfied, 5: very satisfied) as suggested by Kolodinsky (1999).

Table 3.5.1  
*The variables in the research*

Measurement	No of items	Sources
<b>Independent variables</b>		
Honesty	5	Kalsom & Ahmad (2013)
Tenacity	3	Kalsom & Ahmad (2013)
Managing risk	5	Kalsom & Ahmad (2013)
Religiosity	5	Alam et al.(2008)
Islamic motivation	8	Waseem & Yawar (2013)
<b>Dependent variable</b>		
The entrepreneurs' <i>al-falah</i> (success)	11	Kotey & Meredith (1997) and Gadenne (1998)

The reliability of the constructs have been validated by previous researchers. The Cronbach's alpha of the honesty, tenacity, managing risk, religiosity and Islamic motivation are 0.839, 0.718, 0.850, 0.850 and 0.535 respectively. The Cronbach's alpha for the entrepreneurs' *al-falah* (success) as the dependent variable is 0.809. The items adapted from previous research, the Cronbach's alpha are summarized as follow in Table 3.5.2.

Table 3.5.2  
*The Cronbach's Alpha from Previous Studies for Available Variables*

Variables	Cronbach's alpha
Honesty	0.839
Tenacity	0.718,
Managing Risk	0.850
Religiosity	0.850
Islamic motivation	0.535
The entrepreneurs' <i>al-falah</i> (success)	0.849

### 3.6 Sampling

The population means the entire group of people, events or a matter that is intended to be studied by a researcher. The population chosen in this study is the entrepreneurs in Kedah which are in Pekan Rabu Alor Setar and Kompleks HIG Langkawi. The entrepreneurs in

Pekan Rabu and Kompleks HIG are chosen as both locations are dominated by Muslim entrepreneurs and since the entrepreneurs meet the criteria needed which is Muslim, the entrepreneurs whether the owner, the manager or the worker, to achieve the objectives of the research. In early progress of the research, the population chosen is the entrepreneurs in Kompleks Darul Qiyam Bukit Kayu Hitam and Arked Niaga Padang Besar Perlis, but since the entrepreneurs in both locations did not meet the criteria, the population change to the entrepreneurs in Pekan Rabu and Kompleks HIG.

The sampling technique employed in this study is the convenience sampling since the sampling frame is unavailable due to the private and confidential information. The population of the study is 398 as the information obtained from the person in charge from Pekan Rabu and Kompleks HIG. The collection of data is about 4 days. Once the questionnaire is distributed, the respondent are giving time to answer before being collected. From the total of 398 of the population, the sample size proposed by (Krejcie and Morgan, 1970) is 202 in this study.

### **3.7 Data Collection Procedures**

Primary data is used in this research. A self-administered questionnaire is developed and the questionnaire consists of seven sections. Section A consists of the questions pertaining the general information. The questions include the age, gender, position, highest level of education, type of business, and the business duration. The 26 questions in Section B to section F are related to the independent variables; honesty, tenacity, managing risk, religiosity and Islamic motivation. The questionnaire is ended with 11 questions of



dependent variables pertaining to the entrepreneurs' *al-falah* (success). The total of the questions is 43. The questionnaire is in *malay* because it is more suitable to the respondents and to facilitate the respondents to understand and answer the questions. The questionnaires are then distributed to the entrepreneurs in Pekan Rabu Alor Setar and Kompleks HIG Langkawi.

### 3.8 Techniques of Data Analysis

Table 3.8.1 shows the area of investigation and the tests will be used in the research using SPSS version 21 and SmartPLS method.

Table 3.8.1

*The Area of Investigation and Tests Used in This Study*

No	Area of investigations	Tests
1	Demographic profile and Malaysian entrepreneurs' <i>al-falah</i> (success) in Kedah	Descriptive
2	<p><b>To identify the significant difference among groups of demographic factors towards entrepreneurs' <i>al-falah</i> (success) in Kedah</b></p> <p>H<sub>1a</sub>: There is a significant difference of entrepreneurs' <i>al-falah</i> (success) among business type of entrepreneurs in Kedah.</p> <p>H<sub>1b</sub>: There is a significant difference of entrepreneurs' <i>al-falah</i> (success) among the business duration of entrepreneurs in Kedah</p>	ANOVA
3	<p><b>To examine the relationship between the entrepreneurial success (honesty, tenacity and managing risk) and entrepreneurs' <i>al-falah</i> (success) in Kedah.</b></p> <p><b>Honesty</b> There is no significant relationship between honesty and entrepreneurs' <i>al-falah</i> (success) in Kedah.</p> <p><b>Tenacity</b> There is no significant relationship between tenacity and the entrepreneurs' <i>al-falah</i> (success) in Kedah.</p> <p><b>Managing risk</b> There is no significant relationship between managing risk and the entrepreneurs' <i>al-falah</i> (success) in Kedah.</p>	Inferential

Table 3.8.1 (Continued)

No	Area of investigations	Tests
4	<b>To examine the relationship between the religiosity and the entrepreneurs' <i>al-falah</i> (success) in Kedah.</b>  There is no significant relationship between religiosity and the entrepreneurs' <i>al-falah</i> (success) in Kedah.	
5	<b>To examine the relationship between Islamic motivation and the entrepreneurs' <i>al-falah</i> (success) in Kedah.</b>  There is no significant relationship between Islamic motivation and the entrepreneurs' <i>al-falah</i> (success) in Kedah.	Inferential

### 3.8.1 Descriptive Statistics

Descriptive statistics describe the characteristics of the samples and according to Pallant (2016), the descriptive statistics will check the violated assumption which underlies the statistical techniques to address the research questions. The study of people is suggested to collect information on the number of people, the number and percentage of males and females, the age means and range, the level of education and others relevant information.

The descriptive statistics also related to the mean, standard deviation, range of scores, skewness and kurtosis. Besides, many ways can be used to get the descriptive statistics and provide variety of information.

### 3.8.2 Identification and Elimination of Outliers

The identification of outliers are performed using the software SPSS version 21. The box plot is used to determine the univariate outliers for each construct independently in SPSS. SPSS defines points of outliers if the items exceed beyond 1.5 box-lengths from the edge

of the box and are considered extreme when beyond 3 box-lengths (Pallant, 2013). While the multivariate outliers is determined by using the Mahalanobis (Hair et al., 2010).

Referring to rule of thumb, the maximum Mahalanobis distance should not exceed the critical chi-square value, given the number of predictors as degree of freedom. Otherwise, the data may contain multivariate outliers. Based on the outliers detection, there are six cases and then removed from the total of respondents. The remaining items to be used in further analysis is 196.

### **3.8.3 Normality**

Normality refers to the symmetrical, bell-shaped curve that has the greatest frequency of scores at middle and towards the extreme with smaller frequencies (Pallant, 2016). According to Hair et al. (2010) that data is considered normally distributed if the z-score values is -2 to +2 for skewness and -7 to +7 for kurtosis.

### **3.8.4 SmartPLS Analysis**

To determine the reliability and validity of the research, SmartPLS is used as well as to the relationships of the constructs. It has been widely adopted in research in business and social science (Hair et al., 2010). It works for both metric and nonmetric data with minimal assumptions about the characteristics of the data.

Measurement model analysis includes the assessment of; composite reliability (CR) to indicate internal consistency, outer loadings to specify individual indicator reliability, average variance extracted (AVE) to accomplish convergent validity. This measurement

model also to fulfil discriminant validity through Fornell-Larcker criterion, cross-loadings, and Heterotrait-Monotrait (HTMT) ratio. The internal consistency reliability of more than 0.708, indicator reliability (outer loading more than 0.708, and convergent validity of AVE more than 0.5 are regarded as reliable and valid (Fornell & Larcker, 1981).

Meanwhile the structural model analysis is the significance testing or hypothesis testing that test whether a certain result likely has occurred by chance. Assuming a specified significance level, the null hypothesis of no effect (i.e., the path coefficient is zero in the population) is rejected if the empirical  $t$ -value (as provided by the data) is larger than the critical  $t$ -value. Empirical  $t$  value is the test statistic value obtained from the data set at hand, while critical  $t$ -value is the cut-off or criterion on which the significance of a coefficient is determined (Hair et al., 2017).

### **3.9 Summary**

This chapter discusses the research method which then answer the research questions and research objectives. The hypothesis development is explained as well as the early steps of questions development to the techniques of data analysis used in this research.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.0 Introduction

Chapter four presents the results and discussion on the topics studied, the response rate, demographic profiles analysis and reliability of the instruments. The analysis of descriptive and inferential is presented and end with summary of the results from the research. The data are then analysed using the SPSS version 21 and Smart Partial Least Squares 3.0 method, where the SPSS is used to analyse the data characteristics, while the SmartPLS method to access the inferential statistics in evaluating the antecedents of the entrepreneurs' *al-falah* (success).

#### 4.1 Response Rate

From 398 questionnaires distributed, 202 responded the questionnaire. Thus the response rate is 50.75%. The usable questionnaire is 202 and then coded in SPSS software. The total number of respondents is 202 which in the range of valid sample size to represent the population. The sample size proposed by (Krejcie and Morgan, 1970) is 196 in this study.

#### 4.2 Data Examination

The data is examined to be no missing data. Out of the 202 questionnaire, there is no missing data in the data since the questionnaire is distributed direct to the respondents and

the questionnaire is checked to ensure no question is missing. The data then is confirmed no missing data. Missing data is confirmed through the data screening in the SPSS software version 2.1.

#### 4.2.1 Identification and Elimination of Outliers

The box plot is used to determine the univariate outliers for each construct independently in SPSS. SPSS defines points of outliers if the items exceed beyond 1.5 box-lengths from the edge of the box and are considered extreme when beyond 3 box-lengths (Pallant, 2013).

Based on the outliers detection, there are six cases and then removed from the total of respondents. The remaining items to be used is 196. The identification of outliers are performed and the result is summarised in Table 4.2.1.1.

Table 4.2.1.1  
*Summary of Outliers' Detections*

No	Case ID	Univariate Outliers Frequency		D <sup>2</sup> /df
		Total Cases	Extreme Cases	
1	133	4	3	14.193
2	69	8	2	9.349
3	37	2	2	6.129
4	12	2	-	5.552
5	168	-	-	5.552
6	84	7	3	5.166
7	176	10	2	5.166
8	122	1	-	3.111
9	130	2	1	3.015
10	59	-	-	2.714
11	97	-	-	2.69
12	92	2	-	2.525

Note. \*Sorted based on D<sup>2</sup>/df values

#### 4.2.2 Demographic Profile

The demographic profile gives an overview of the of the respondents' demographic information. The profile of the respondents is important to determine the trend of the entrepreneurs in Pekan Rabu Alor Setar and Kompleks HIG Langkawi towards the entrepreneurs' *al-falah* (success).

Table 4.2.2.1 illustrates the profiles of the respondents based on age, gender, position, education, type of business and business duration. From the 196 respondents, majority are below 35 years old which is 143 (73.0%), followed by 15 (7.7%) of 41 to 45 years old entrepreneurs, 14 (7.1%) for group of 36 to 40 years old and 10(5.1%) of the respondents are above 56. The entrepreneurs of group age 46 to 50 and 51 to 55 share the same figure of 7 (3.6%).

In term of gender, 75.8% or majority of the respondents are female and the rest are male of 4.2%. The respondents consisted of 16.3% owner, 10% manager and 73.7% are workers. Pertaining the education level, most of the respondents completed their education at secondary school level at 44.9%, 18.4% of diploma holder, followed by 17.3% of certificate holders. The entrepreneurs with primary school level, degree holder and master are 10.7%, 7.7% and 1.1% respectively.

With regards of the type of business, majority of the respondents are from clothing and textile at 63.8%, followed by 16.3% from food and beverage, 14.3% from other type of business and followed by 3.6% of handicraft entrepreneurs. The least are the service

entrepreneurs of 2.0%. The figure shows most of the respondents have been operating their business more than 10 years which is 34.7%, followed by 31.6% of below two years of operation and the least are entrepreneurs that have been operating six to nine years at 8.2%.

Table 4.2.2.1  
*Profile of respondents (n=196)*

No	Item	Category	Frequency	Percentage
1	Age	Below 35	143	73.0
		36-40	14	7.1
		41-45	15	7.7
		46-50	7	3.6
		51-55	7	3.6
		Above 56	10	5.1
2	Gender	Male	47	24.0
		Female	149	75.8
3	Position	Owner	32	16.3
		Manager	19	9.7
		Worker	145	74.0
4	Education level	Primary school	21	10.7
		Secondary school	88	44.9
		Certificate	34	17.3
		Diploma	36	18.4
		Degree	15	7.7
		Master	2	1.0
5	Business type	Food & Beverage	32	16.3
		Clothing & Textile	125	63.8
		Service	4	2.0
		Handcraft	7	3.6
		Others	28	14.3
6	Business duration	Below 2	62	31.6
		2 to 5	50	25.5
		6 to 9	16	8.2
		Above 10 years	68	34.7

#### 4.2.3 Descriptive Statistics and Data Normality Results

Descriptive analysis has been used to analyze the antecedents of the entrepreneurs' *al-falah* (success); honesty, tenacity, managing risk, religiosity and Islamic motivation. This is also being used to identify the situation of each constructs which are dependent and



independent variables in the form of mean and standard deviation.

The mean values of the variables were obtained by the measure on a five Likert scale, which means the greater the number of the five point scale, the greater the goodness of the variable will be. The values which are nearer to five are considered better, while the values close to zero are considered bad. In addition, a mean value equal or more than four indicates a high agreement with a particular criterion which is a mean value equal or less than two were considered as low, and a mean value of three was considered as a moderate agreement. A descriptive analysis and data normality results of all five variables is presented in the Table 4.2.3.1 below.

It indicated the mean and the standard deviation of the model variables. The mean values of honesty, tenacity, managing risk, religiosity and Islamic motivation range between 3.98 and 4.78. Therefore, from the figure, all values are considered good. The highest mean value of independent variables is religiosity (4.78), followed by tenacity (4.61). The lowest mean value is 3.93 for the Islamic motivation. In the other hand, all the independent variables are considered good in mean values because mean of four variables are more than 4 and one variable is near to 4. Hence, the respondents' honesty, tenacity, managing risk, religiosity and Islamic motivation towards the entrepreneurs' *al-falah* (success) are considered good.

Normality refers to the symmetrical, bell-shaped curve that has the greatest frequency of scores at middle and towards the extreme with smaller frequencies (Pallant, 2016). Data normality is determined by the z-score, where the statistics value is divided by the standard

deviation from the descriptive analysis. According to Hair Jr et al. (2010) that data is considered normally distributed if the z-score values is -2 to +2 for skewness and -7 to +7 for kurtosis.

From the Table 4.2.3.1, the z-scores for skewness and kurtosis for univariate are non-normally distributed.

Table 4.2.3.1  
*Descriptive Statistics and Data Normality Results*

Descriptive Statistics			Skewness		Kurtosis	
Constructs (n=196)	Mean Statistic	Std. Deviation Statistic	Statistics	z-score	Statistics	z-score
<i>Al-falah</i>	4.0830	.56053	-0.073	-0.41	-0.722	-2.057
Honesty	4.4520	.43293	-0.331	-1.881	-0.479	-1.365
Tenacity	4.6054	.48298	-0.936	-5.318	-0.284	-0.809
Managing risk	4.4316	.47070	-0.936	-5.318	-0.284	-0.809
Religiosity	4.7847	.39842	-2.236	-12.705	4.841	13.792
Islamic motivation	3.9273	.48649	-0.038	-0.216	-0.558	-1.590

#### 4.2.4 Bias Tests

Survey studies are subjected to the probability of having non-response bias and common method bias (Hulland et al., 2018; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Sekaran & Bougie, 2016). Non-response bias or non-response error refers to bias that appears within a sample by people who either refuse to participate in the study or to answer particular questions being systematically different from those who do respond (De Vaus, 2001). If a difference exists, it doubts the generalizability of the findings for a research.

## **Response Bias**

### **Common Method Bias**

In PLS-SEM, the common method bias is a phenomenon that is caused by the measurement method used in SEM study, and not by the network of causes and effects in the model being studied by the researcher (Kock, 2015). Full collinearity test is a comprehensive procedure for the simultaneous assessment which involve the vertical and lateral collinearity. Table 4.2.4.1 shows the VIFs for the latent variables. The results show that the values of VIFs which is lower than 3.3 as proposed by (Kock, 2015). Therefore, the model is free from common method bias.

Table 4.2.4.1  
*Full Collinearity Test Results*

<b>Latent Variables</b>	<b><i>Al-falah</i></b>	<b>Honesty</b>	<b>Tenacity</b>	<b>Managing Risk</b>	<b>Religiosity</b>	<b>Islamic Motivation</b>
Al Falah		1.469	1.472	1.364	1.339	1.373
Honesty	1.958		1.852	1.975	1.905	1.951
Tenacity	2.373	2.213		2.079	2.250	2.410
Managing Risk	2.391	2.467	2.186		2.442	2.447
Religiosity	1.141	1.187	1.112	1.186		1.188
Islamic Motivation	1.521	1.607	1.631	1.565	1.543	

### **4.3 The Differences of the Demographic Groups among the Entrepreneurs towards the Entrepreneurs' *al-Falah* (Success) in Kedah.**

To determine the differences, SPSS is used. The result is as follows:

#### 4.3.1 Differences between type of business and the entrepreneurs' *al-falah* (success) in Kedah.

##### Hypothesis 1:

H1<sub>a</sub>: There is no significant difference of the entrepreneurs' *al-falah* among the type of business of entrepreneurs.

H1<sub>a</sub>: There is a significant difference of the entrepreneurs' *al-falah* among the types of business of entrepreneurs.

Table 4.3.1.1 shows the result from One-Way ANOVA analysis above indicated that the value F is 1.455 and significance value is 0.218. This showed that the variable is not significant since the values are above the indicator value which is 0.05. Therefore, we failed to reject the null hypotheses. The type of business is not significant towards the entrepreneurs' *al-falah* (success).

Hence it can be concluded that there is no significance difference of the entrepreneurs' *al-falah* (success) among the business types of the entrepreneurs.

Table 4.3.1.1  
*Differences between Type of Business and the Entrepreneurs' Al-Falah (Success) in Kedah.*

Variables	Types of business	Mean	Standard Deviation	f-value	Significant level
The entrepreneurs' <i>al-falah</i> (success)	Food & Beverage	4.1619	.54484	1.455	.218
	Clothing & Textile	4.0145	.57373		
	Service	4.3636	.37113		
	Handcraft	4.2727	.54038		
	Others	4.2110	.51903		

#### 4.3.2 Differences between business duration and the entrepreneurs' *al-falah* (success) in Kedah.

##### Hypothesis 1:

H1<sub>b</sub>: There is no significant difference of the entrepreneurs' *al-falah* among the business duration of entrepreneurs.

H1<sub>b</sub>: There is a significant difference of the entrepreneurs' *al-falah* among the business duration of entrepreneurs.

Table 4.3.2.1 shows the result from One-Way ANOVA analysis above indicated that the value F is 1.514 and significance value is 0.212. This showed that the variable is not significant since the values are above the indicator value which is 0.05. Therefore, the null hypothesis is failed to reject. The business duration therefore is not significant towards the entrepreneurs' *al-falah* (success).

Hence it can be concludes that there is no significant difference of the entrepreneurs' *al-falah* (success) among the business duration of the entrepreneurs.

Table 4.3.2.1  
*Differences between Business Duration and the Entrepreneurs' Al-Falah (Success) in Kedah.*

Variable	Business duration	Mean	Standard Deviation	f-value	Significant level
The entrepreneurs' <i>al-falah</i> (success)	Below 2	3.9780	.61848	1.514	.212
	2 to 5	4.0618	.45378		
	6 to 9	4.2102	.47147		
	Above 10	4.1644	.58711		

#### 4.4 Measurement Model

Measurement model analysis includes the assessments of composite reliability (CR) to indicate internal consistency, outer loadings to specify indicators reliability and average variance extracted (AVE) to accomplish convergent validity. This measurement model also to fulfil discriminant validity through the Heterotrait-Monotrait (HTMT) ratio.

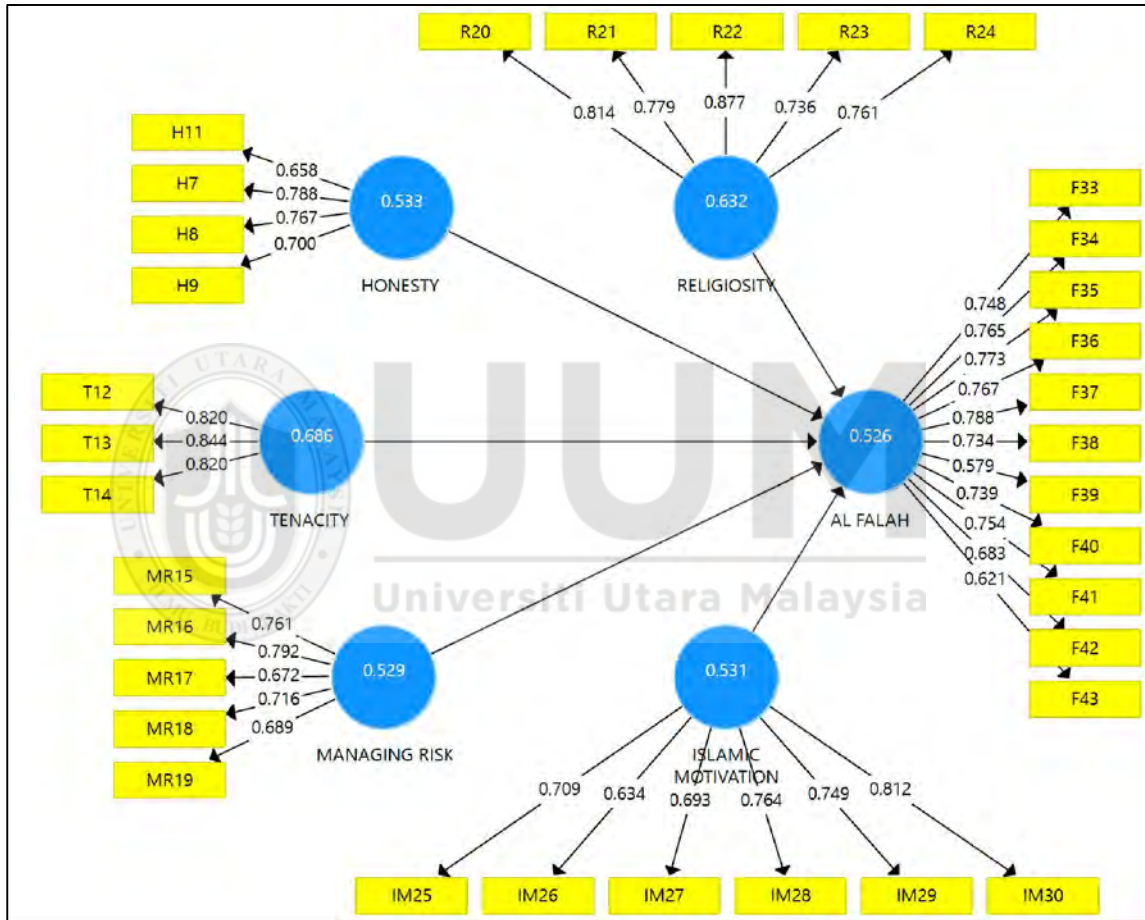


Figure 4.4.1  
Measurement Model of the Entrepreneurs' *Al-Falah* Framework

**Note:** Item H10, IM31 and IM32 are deleted due to low loadings.

The final measurement model of the entrepreneurs' *al-falah* (success) as shown in Figure 4.4.1, consists of five latent variables (construct); honesty, tenacity, managing risk, religiosity and Islamic motivation. The entrepreneurs' *al-falah* (success) is the

endogenous, while the honesty, tenacity, managing risk, religiosity and Islamic motivation are the exogenous. The arrows in the figure represent the outer loading while figures in the construct is the AVE values. Next, the internal consistency reliability (i.e. CR more than 0.708), indicator reliability (i.e. outer loading more than 0.708), and convergent validity (i.e. AVE more than 0.5) are regarded as reliable and valid (Fornell & Larcker, 1981).

Composite reliability provides an estimate of the reliability based on the inter-correlation of the observed indicators (Ramayah, 2018) and used to indicate the internal consistency reliability of the construct. The acceptable composite reliability should be above 0.70. Table 4.4.1 shows that all five constructs meet the threshold values for CR, where all CRs are greater than 0.7; the CR for *al-falah* is 0.924, honesty 0.820, tenacity 0.771, managing risk 0.848, religiosity 0.895 and Islamic motivation 0.871.

The average variance extracted (AVE) is also calculated where according to Ramayah (2018), AVE refers to the grand mean value of the squared loadings of all indicators which related to the construct and also a degree where the latent construct explains the variance of its indicators. Table 4.4.1 illustrates the convergent validity and reliability.

As depicted in Table 4.4.1, all constructs have passed the convergent validity since the AVE result of  $> 0.5$ , where the AVE for *al-falah*, tenacity, managing risk, religiosity and Islamic motivation is 0.525, 0.533, 0.686, 0.529, 0.632 and 0.5320 respectively. Although outer loadings of H9, H11, MR19, MR17, MR17, R23, IM26 and IM27 below than the benchmarking value, the values are still acceptable. The items removed in this study is

H10, IM31 and IM32 due to low loadings.

Table 4.4.1

*Results of Convergent Validity and Reliability (Measurement Model Analysis)*

Constructs	Items	Loadings	CR	AVE
<i>Al-falah</i>	F33	.739	.924	.525
	F34	.749		
	F35	.766		
	F36	.751		
	F37	.777		
	F38	.736		
	F39	.586		
	F40	.746		
	F41	.764		
	F42	.700		
Honesty	F43	.631	.820	.533
	H7	.788		
	H8	.763		
	H9	.703		
Tenacity	H11	.660	.771	.686
	T12	.820		
	T13	.845		
Managing Risk	T14	.820	.848	.529
	MR15	.761		
	MR16	.790		
	MR17	.671		
	MR18	.763		
Religiosity	MR19	.703	.895	.632
	R20	.811		
	R21	.778		
	R22	.876		
	R23	.738		
Islamic Motivation	R24	.764	.871	.532
	IM25	.710		
	IM26	.635		
	IM27	.691		
	IM28	.764		
	IM29	.748		
	IM30	.813		

Then, measurement model is further assessed by verifying the discriminant validity. Three types of tests are involved in assessing the discriminant validity namely and in this study the Heterotrait- Monotrait ratio of correlations (HTMT) ratio will be used. HTMT refers



to the ratio of correlations within the constructs to correlations between the constructs (Ramayah, 2018) and also added that the HTMT estimate the true correlation between two construct would be if they are perfectly measured.

If the HTMT value is greater than HTMT<sub>0.85</sub> value of 0.85 (Kline, 2011), or HTMT<sub>0.90</sub> value of 0.90 (Gold et al., 2001), then there is a problem of discriminant validity. For Table 4.4.2 shows that all values have passed the benchmark of HTMT<sub>0.90</sub>, thus confirm the discriminant validity between all constructs in the model.

Table 4.4.2  
*Results of Discriminant Validity (HTMT ratio)*

	Al Falah	Honesty	Islamic Motivation	Managing Risk	Religious	Tenacity
Al Falah						
Honesty	0.431					
Islamic Motivation	0.532	0.599				
Managing Risk	0.578	0.795	0.683			
Religiosity	0.319	0.292	0.248	0.337		
Tenacity	0.413	0.860	0.578	0.899	0.439	

## 4.5 Structural Model

Structural model analysis is the significance testing or hypothesis testing that test whether certain results are likely occurred by chance. Assuming a specified significance level, the null hypothesis of no effect (i.e., the path coefficient is zero in the population) is rejected if the empirical *t*-value (as provided by the data) is larger than the critical *t*-value. Empirical *t* value is the test statistic value obtained from the data set at hand, while critical *t*-value is the cut-off or criterion on which the significance of a coefficient is determined

(Hair et al., 2017).

The path coefficients are formed by using the bootstrapping procedures with 5000 resamples (Hair et al., 2014, 2017) in which the empirical  $t$ -values ( $t$ -statistics) are computed.

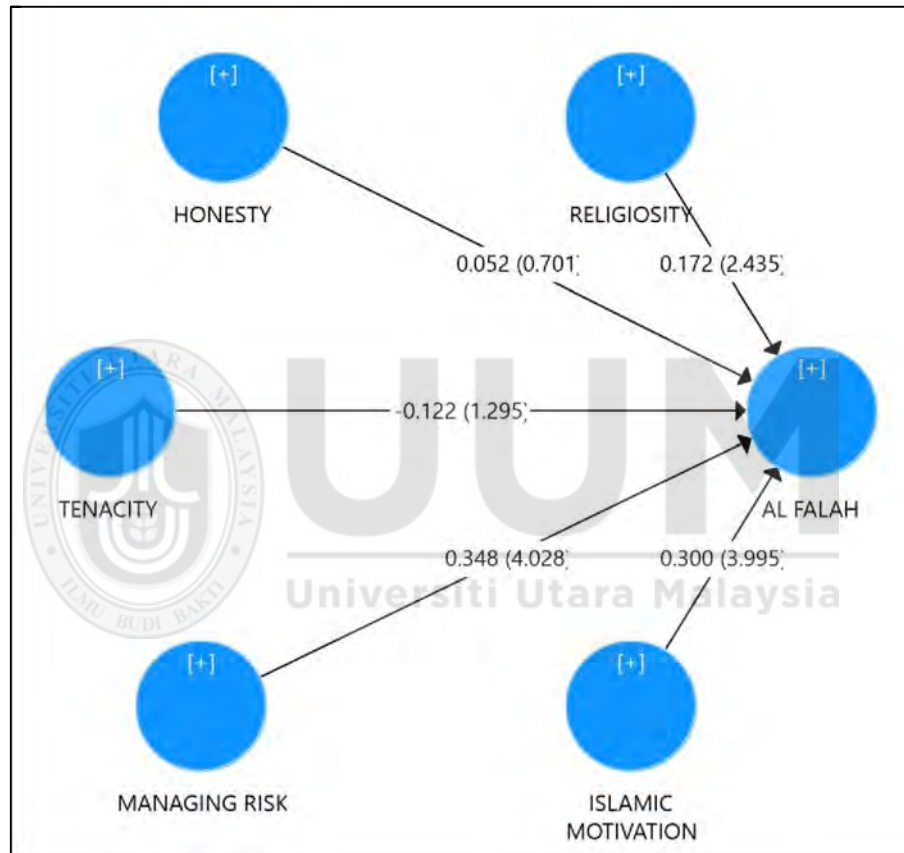


Figure 4.5.1

*The Structural Model of the Entrepreneurs' Al-Falah Framework*

Figure 4.5.1 shows the structural model of the entrepreneurs' *al-falah* framework. The arrows represent the relationship between latent variables with the values of path coefficient ( $\beta$ ) and the empirical  $t$ -values (inside brackets). Prior to evaluating the structural model, then can access basis measures such as coefficient of determination ( $R^2$ ),

path coefficient ( $\beta$ ) and the empirical t-values (t-statistics). The effect sizes ( $f^2$ ) is also can be measured.

Table 4.5.1  
*Results of Collinearity Assessment*

Relationship/ Effect	Collinearity (VIF)
Honesty -> <i>Al Falah</i>	1.175
Tenacity-> <i>Al Falah</i>	2.386
Managing Risk -> <i>Al Falah</i>	2.311
Religiosity-> <i>Al Falah</i>	1.142
Islamic Motivation -> <i>Al Falah</i>	1.503

To test the significance level, t-statistics for all paths are generated through the use of bootstrapping function. From the hypothesis testing as shown in Table 4.5.2, three relationships are found to have t-value  $\geq 1.96$ , thus significant at 0.05 level of significance. The predictors of managing risk ( $\beta = .052$ ,  $t = 4.028$ ,  $p < 0.001$ ), religiosity ( $\beta = .172$ ,  $t = 3.995$ ,  $p < 0.001$ ), and Islamic motivation ( $\beta = .300$ ,  $t = 2.435$ ,  $p < 0.001$ ) are positively related on entrepreneurs' al-falah (success) in Kedah. Therefore, H3, H4 and H5 are supported. This result demonstrates that managing risk, religiosity and Islamic motivation crucial antecedents for the entrepreneurs to achieve al-falah (success). While the H1 and H2 are not supported as the t-values  $\leq 1.96$  which the honesty ( $\beta = .052$ ,  $t = .701$ ,  $p = .483$ ) and tenacity ( $\beta = -.122$ ,  $t = 1.295$ ,  $p = .195$ ).

Based on the values of t-value in Table 4.5.2, it shows that the most influential antecedent among the four variables towards the entrepreneurs' *al-falah* (success) in Kedah is the managing risk ( $t = 4.028$ ), then followed by the Islamic motivation ( $t = 3.995$ ) and religiosity ( $t = 2.435$ ).

Table 4.5.2  
*Hypothesis Testing*

Relationship/ Effect	Path Coefficient ( $\beta$ )	T Statistics	p values	Decision
Honesty -> <i>Al Falah</i>	.052	.701	0.483	Not supported
Tenacity-> <i>Al Falah</i>	-.122	1.295	0.195	Not supported
Managing Risk -> <i>Al Falah</i>	.348	4.028	<0.001	Supported
Religiosity-> <i>Al Falah</i>	.172	2.435	0.015	Supported
Islamic Motivation -> <i>Al Falah</i>	.300	3.995	<0.001	Supported

Note. Two-tailed test.

Next, the effect sizes ( $f^2$ ), coefficient of determination ( $R^2$ ) and predictive relevance ( $Q^2$ ) are assessed and Figure 4.5.2 illustrates the values obtained for the coefficient of determination ( $R^2$ ) and the effect size ( $f^2$ ). From Table 4.5.3, it can be observed that the effect sizes ( $f^2$ ) for Islamic motivation (.091), the honesty (.002), tenacity (.009), managing risk (.080), and religiosity (.040) have small effect in producing the  $f^2$  for the entrepreneurs' *al-falah*.

Based on Table 4.5.3,  $R^2$  values for the endogenous variable is 0.347 which means the variables in the modelled variables in the analysis had explained 34.70% percent of the variance in the entrepreneurs' *al-falah* (success) in Kedah.

The predictive relevance ( $Q^2$ ) is then calculated using the blindfolding procedure. The Stone and Geisser's  $Q^2$  often used to access predictive relevance. The predictive relevance of the model is examined using the blindfolding procedure. The model then has a predictive relevance since the  $Q^2$  is larger than 0 (0.158).

Table 4.5.3

*Effect Size ( $f^2$ ), Coefficient Determination ( $R^2$ ) and Predictive Relevance ( $Q^2$ )*

Relationship/ Effect	Effect Size ( $f^2$ )	Coefficient of determination ( $R^2$ )	Predictive Relevance ( $Q^2$ )
Honesty -> Al Falah	.002		
Tenacity-> <i>Al Falah</i>	.009		
Managing Risk -> <i>Al Falah</i>	.080	.347	.158
Religiosity-> <i>Al Falah</i>	.040		
Islamic Motivation -> <i>Al Falah</i>	.091		

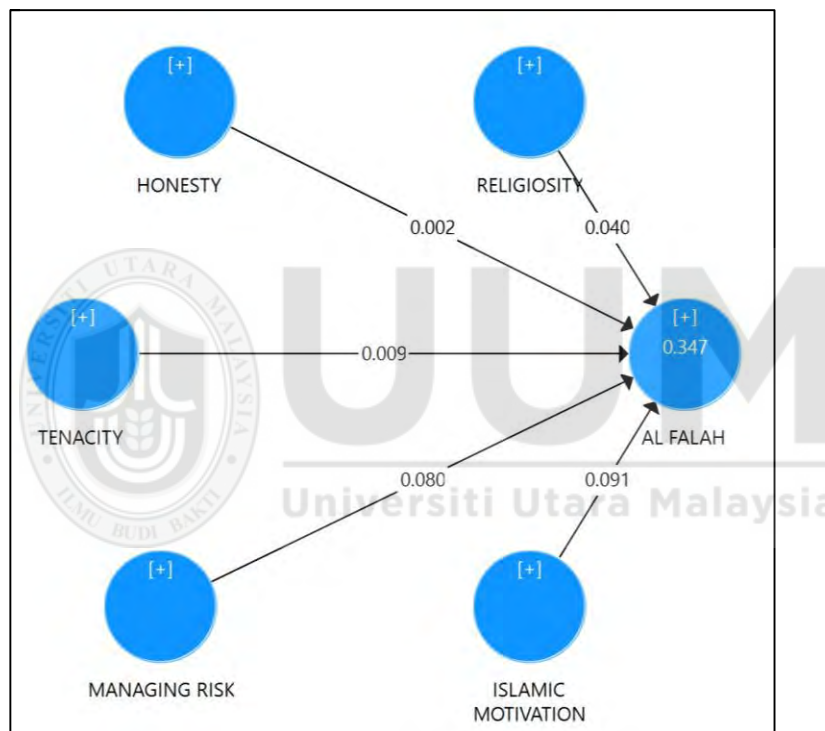


Figure 4.5.2

*Path Diagram with  $R^2$  and  $f^2$  Values.*

#### 4.6 Summary

To achieve the objectives the research, the descriptive analysis used to determine the significance of the selected demographic factor (type of business and business duration) and the inferential statistics then used to examine the relationship of the independent variables to the dependent variables, using the SmartPLS method. The results reveals that three antecedents have positive relationships towards the entrepreneurs' *al-falah* (success), which are the managing risk, religiosity and the Islamic motivation.



## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATION

#### 5.0 Introduction

Chapter five explained the implication of the research which can give positive contribution individually, community, authorized body and others. Next, this chapter also includes the limitation encountered by the researcher in the study process to achieve the objective of research and answer the research questions. This chapter then ends with the recommendations for future research in order to maximize the benefits to the society and country.

#### 5.1 Conclusion

For the first objective, the results from the ANOVA test indicated that both of type of business and duration of business do not have significance difference to the entrepreneurs' *al-falah* (success). The research then obtains the results of directional linkage hypotheses. Previously many researchers have focused on the antecedents that impact on the entrepreneurs' *al-falah* (success) such as the training, support, attitude, capital, motivation and others. Few research highlighted the Islamic factors and hence, this study extends and improve previous research by evaluating the antecedents which embedded with Islamic elements of honesty, tenacity, managing risk, religiosity and Islamic motivation. The respondents are the entrepreneurs in Kedah, which are Pekan Rabu Alor Setar and Kompleks HIG Langkawi.

The study then revealed that the managing risk, religious and Islamic motivation have positive relationship towards the entrepreneurs' *al-falah* (success) in Kedah, and the research then expected to influence the entrepreneurs to stress on the three antecedents to *al-falah*, especially the managing risk antecedent while the authorized body can play their roles to reduce the challenges faced by the entrepreneurs, give supportive support or relevant program.

The findings showed that the positive relationship between the managing risk is consistent with previous study conducted by Firdaus et al. (2009), while the positive relationship between religiosity and the entrepreneurs' *al-falah* is supported by previous research by Grine et al. (2015) and Mardhatillah & Rulindo (2007). The significance of Islamic motivation to the entrepreneurs' *al-falah* is consistent with previous research conducted by Syed Shah et al. (2011), Nadraturun Nafisah et al. (2017), Grine et al. (2015) and Waseem & Yawar (2013).

Next, the findings showed that among all constructs, the managing risk has the highest impact on entrepreneurs' *al-falah* (success) in Kedah and the explanatory power of the model studied had an  $R^2$  of 34.70% for the entrepreneurs' *al-falah* (success). As for the researchers, this study provides a basis for further development of the entrepreneurs' *al-falah* and avoid failure in the entrepreneurship.

## **5.2 Implication**

This study on the antecedents of entrepreneurs' *al-falah* (success) will contribute to the



entrepreneurs individually, to the society, the authorized body and country. Although the results revealed only three independent variables that showed positive relationship to the entrepreneurs' *al-falah*, the contribution is undeniable as those three factors can catalyse the success in the entrepreneurship.

This study can improve the entrepreneurs individually as it will enhance the performance of the entrepreneurs and increase the quality of their life. The entrepreneurs should focus on the managing risk, religious and the Islamic motivation which then fasten them to success and reduce weaknesses to avoid failure.

This study can be useful to the authorized bodies in which they can use the findings to guide the entrepreneurs such as the SME, MARA, TEKUN and others should instill the entrepreneurs the Islamic motivation and knowledge on managing risk in their program. They can develop and conduct relevant program and syllabus to the entrepreneurs. The government also can develop relevant policies such as help the entrepreneurs to manage the risk, to boost their motivation as well as instill the religious values in the entrepreneurship practice and eventually assist the entrepreneurs to achieve *al-falah* (success).

This study can also impact the entrepreneurs based on the three antecedents studied; the managing risk, religiosity and Islamic motivation. Concerning the three factors, they would increase the motivation of the entrepreneurs, with better management as well as increase their productivity and the profit and others. Pertaining the religiosity which is shown to have positive relationship towards the successful entrepreneurs, it is crucial for

the entrepreneurs to obey Allah's commands, in line with the Islamic principles in order to be successful both the world and the hereafter. Therefore, the entrepreneurs can succeed in their entrepreneurship and consequently contribute to the country's GDP and boost the development and economic country.

It also would add new knowledge on the antecedents of the successful entrepreneurs which embedded with Islamic elements as the present research focusing external aspects to success. Further, this research contributes to the barely existing literature on Islamic or religious factor on the successful entrepreneurs as previous study studied qualitatively.

### **5.3 Recommendation**

Future study can expand this study to a larger sample of the entrepreneurs or the sample can be conducted among the owner-managers of the small firms. The studies also can be focused to business-types based on industry and made into comparison. The most potential antecedents can be focused to help the entrepreneurs to success and avoid failure. The measurement of the *al-falah*, performance or success also can be tested on both financial and non-financial performance to understand well the meaning of *al-falah* or success from Islamic perspective.

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## **APPENDICES**

**Appendix A: Approval Letter to Pekan Rabu**

**Appendix B: Approval Letter to Kompleks HIG**

**Appendix C: Questionnaire**

**Appendix D: Number of Registered Companies and Businesses for 2019**

**Appendix E: Descriptive Statistics**

**Appendix F: ANOVA Test**

**Appendix G: SmartPLS Analysis**



## Appendix A: Approval Letter to Pekan Rabu Alor Setar



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Tarikh: 16 Januari 2019

### KEPADA SESIAPA YANG BERKENAAN

Tuan,

### PERMOHONAN KEBENARAN MENJALANKAN KAJIAN PENYELIDIKAN SARJANA

Dengan segala hormatnya saya merujuk kepada perkara di atas.

2. Adalah dimaklumkan bahawa penama berikut adalah pelajar di Pusat Pengajian Perniagaan Islam (IBS), Universiti Utara Malaysia yang sedang menyiapkan thesis kajian bagi melengkapkan pengajian beliau. Sehubungan itu pihak kami memohon jasa baik pihak tuan agar mengizinkan dan membenarkan pelajar ini membuat lawatan dan kajian di tempat tuan bagi melengkapkan tugas, kajian, mendapatkan dokumen dan maklumat bagi memenuhi sukatan pembelajaran. Maklumat pelajar adalah seperti berikut :

Nama	Siti Nadirah binti Mohammad Nawawi
No. Matriks	822522
Kursus	Master of Islamic Business Studies (MIBS)
Fakulti	Pusat Pengajian Perniagaan Islam (IBS) Universiti Utara Malaysia
Tajuk Kajian	Evaluating the factors of entrepreneurs' success from Islamic perspective
Penyelia Kajian	Dr. Raja Rizal Iskandar bin Raja Hisham

3. Sehubungan dengan itu, saya memohon agar pihak tuan dapat memberi kebenaran kepada pelajar ini menjalankan tugas di agensi tuan. **Semua maklumat dan informasi adalah dianggap sulit dan hanya akan digunakan bagi tujuan akademik sahaja.**

Kerjasama tuan di dalam perkara ini di dahului dengan ucapan terima kasih.

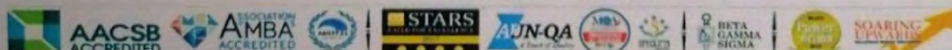
Sekian.

**"ILMU, BUDI, BAKTI"**

Saya yang menurut perintah

**DR. HYDZULKIFLI HAJI HASHIM**  
Penyelaras Program MIFB/MIBS  
Pusat Pengajian Perniagaan Islam  
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## Appendix B: Approval Letter to Kompleks HIG Langkawi



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Kedah

Tuan

### PERMOHONAN KEBENARAN MENJALANKAN KAJIAN LATIHAN ILMIAH SARJANA

Dengan segala hormatnya saya merujuk kepada perkara di atas.

2. Dimaklumkan bahawa penama berikut adalah pelajar di Pusat Pengajian Perniagaan Islam (IBS), Universiti Utara Malaysia yang sedang menyiapkan latihan ilmiah bagi melengkapkan pengajian Sarjana Pengajian Perniagaan Islam (MIBS) beliau seperti berikut :

Nama	Siti Nadirah binti Mohammad Nawawi
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Fakulti	Pusat Pengajian Perniagaan Islam (IBS)
	Universiti Utara Malaysia
Tajuk Kajian	Menilai faktor al-falah (kejayaan) usahawan di Kedah
Penyelia Kajian	Dr Raja Rizal Iskandar bin Raja Hisham

3. Schubungan dengan itu, saya memohon agar pihak tuan dapat memberi kebenaran kepada pelajar ini menjalankan tugas di agensi tuan. Semua maklumat dan informasi adalah dianggap sulit dan hanya akan digunakan bagi tujuan akademik sahaja.

Kerjasama pihak tuan di dalam perkara ini di dahului dengan ucapan terima kasih.

Sekian dan salam hormat.

**KEDAH AMAN MAKMUR-HARAPAN BERSAMA MAKMURKAN KEDAH**  
**"ILMU, BUDI, BAKTI"**

Saya yang menjalankan amanah

**DR. MOHAMAD YAZID BIN ISA**  
Ketua Jabatan Kewangan Islam dan Ekonomi Islam  
Pusat Pengajian Perniagaan Islam  
Universiti Utara Malaysia

Universiti Pengurusan Terkemuka  
The Eminent Management University



## Appendix C: Questionnaire







## **MENILAI FAKTOR AL-FALAH (KEJAYAAN) USAHAWAN MALAYSIA DI NEGERI-NEGERI UTARA MALAYSIA**

**Kepada responden yang dihormati,**

Soalan ini bertujuan untuk menilai faktor al-falah (kejayaan) usahawan Malaysia di negeri-negeri di utara Malaysia. Kajian ini adalah dilakukan sebagai memenuhi sebahagian keperluan untuk pengajian saya dalam Sarjana Pengajian Perniagaan Islam (MIBS).

Hasil kajian adalah **SULIT** dan untuk **TUJUAN AKADEMIK** sahaja.

**Yang benar,**

**Siti Nadirah binti Mohammad Nawawi**  
Sarjana Pengajian Perniagaan Islam (MIBS)  
Universiti Utara Malaysia

**Dr Raja Rizal Iskandar bin Raja Hisham**  
Penyelia  
Pusat Pengajian Perniagaan Islam (IBS)  
Universiti Utara Malaysia

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### **BAHAGIAN A: MAKLUMAT UMUM**

Sila tandakan (/) pada jawapan yang bersesuaian.

- |   |  |  |
|---|--|--|
| 1. Umur:                                  | 2. Jantina:                                  | 3. Jawatan:                                |
| <input type="checkbox"/> Bawah 35         | <input type="checkbox"/> Lelaki              | <input type="checkbox"/> Pemilik           |
| <input type="checkbox"/> 36 hingga 40     | <input type="checkbox"/> Perempuan           | <input type="checkbox"/> Pengurus          |
| <input type="checkbox"/> 41 hingga 45     |  | <input type="checkbox"/> Pekerja           |
| <input type="checkbox"/> 46 hingga 50     |  |  |
| <input type="checkbox"/> 51 hingga 55     |  |  |
| <input type="checkbox"/> Melebihi 56      |  |  |
| 4. Pendidikan tertinggi:                  | 5. Jenis perniagaan:                         | 6. Tempoh perniagaan:                      |
| <input type="checkbox"/> Sekolah rendah   | <input type="checkbox"/> Makanan dan minuman | <input type="checkbox"/> Bawah 2 tahun     |
| <input type="checkbox"/> Sekolah menengah | <input type="checkbox"/> Pakaian dan tekstil | <input type="checkbox"/> 2 hingga 5 tahun  |
| <input type="checkbox"/> Sijil            | <input type="checkbox"/> Servis              | <input type="checkbox"/> 6 hingga 9 tahun  |
| <input type="checkbox"/> Diploma          | <input type="checkbox"/> Kraftangan          | <input type="checkbox"/> Melebihi 10 tahun |
| <input type="checkbox"/> Degree           | <input type="checkbox"/> Lain-lain: _____    |  |
| <input type="checkbox"/> Master           |  |  |
| <input type="checkbox"/> PhD              |  |  |

## MENILAI FAKTOR AL-FALAH (KEJAYAAN) USAHAWAN MALAYSIA DI NEGERI-NEGERI DI UTARA MALAYSIA

### **BAHAGIAN B: KEJUJURAN**

Sila bulatkan skala yang bersesuaian yang mewakili pendapat anda berdasarkan skala berikut.

Sangat tidak setuju	Tidak setuju	Neutral	Setuju	Sangat setuju
1	2	3	4	5

No	Soalan	Sangat tidak setuju				Sangat setuju
7	Kerja adalah sumber kepada rasa hormat kepada diri sendiri dan mencapai keinginan.	1	2	3	4	5
8	Optimis membawa kepada pencapaian.	1	2	3	4	5
9	Berlaku jujur dalam perniagaan saya adalah satu kebaikan.	1	2	3	4	5
10	Nilai kerja diperoleh daripada niat, berbanding hasilnya.	1	2	3	4	5
11	Niat yang baik adalah satu kebaikan.	1	2	3	4	5

### **BAHAGIAN C: KETABAHAN**

Sila bulatkan skala yang bersesuaian yang mewakili pendapat anda berdasarkan skala berikut.

No	Soalan	Sangat tidak setuju				Sangat setuju
12	Dedikasi dalam perniagaan adalah satu kebaikan.	1	2	3	4	5
13	Seseorang harus menjalankan operasi perniagaan dengan sebaik mungkin.	1	2	3	4	5
14	Ketulusan niat (ikhlas) membuatkan saya berpuas hati.	1	2	3	4	5

### **BAHAGIAN D: PENGURUSAN RISIKO.**

Sila bulatkan skala yang bersesuaian yang mewakili pendapat anda berdasarkan skala berikut.

No	Soalan	Sangat tidak setuju				Sangat setuju
15	Kreatif dalam kerja adalah satu sumber kebahagiaan dan pencapaian.	1	2	3	4	5
16	Saya merasa bertanggungjawab untuk terlibat dalam pembiayaan Islam.	1	2	3	4	5
17	Mempunyai sijil halal meningkatkan ketaqwaan saya.	1	2	3	4	5
18	Mempunyai pendidikan Islam adalah bermanfaat	1	2	3	4	5
19	Menjadi ahli di Dewan Perniagaan Melayu Malaysia adalah bermanfaat.	1	2	3	4	5

**BAHAGIAN E: KEAGAMAAN.**

Sila bulatkan skala yang bersesuaian yang mewakili pendapat anda berdasarkan skala berikut.

No	Soalan	Sangat tidak setuju _____ Sangat setuju				
		1	2	3	4	5
20	Sentiasa melakukan solat lima kali sehari.	1	2	3	4	5
21	Sentiasa berpuasa pada bulan Ramadan.	1	2	3	4	5
22	Mengikuti segala perintah yang ditetapkan Islam dalam urusan hidup saya	1	2	3	4	5
23	Membayar zakat pada setiap tahun sekiranya saya memenuhi kriteria yang ditetapkan.	1	2	3	4	5
24	Sentiasa membaca al-Quran.	1	2	3	4	5

**BAHAGIAN F: MOTIVASI ISLAMIK.**

Sila bulatkan skala yang bersesuaian yang mewakili pendapat anda berdasarkan skala berikut.

No	Soalan	Sangat tidak setuju _____ Sangat setuju				
		1	2	3	4	5
25	Saya bersemangat menjalankan perniagaan saya.	1	2	3	4	5
26	Menjalankan perniagaan sendiri menjadikan ianya menarik dengan memperkenalkan skop pekerjaan yang unik.	1	2	3	4	5
27	Saya kerap menerima penghargaan atas hasil daripada perniagaan.	1	2	3	4	5
28	Maklum balas mengenai prestasi perniagaan saya dari pelanggan memujuk saya untuk kerja lebih keras.	1	2	3	4	5
29	Menjalankan perniagaan memberi saya lebih kepuasan.	1	2	3	4	5
30	Dengan mengambil kira semuanya, saya berpuas hati dengan perniagaan saya.	1	2	3	4	5
31	Beban kerja berat dan jam kerja yang panjang membuat saya keletihan.	1	2	3	4	5
32	Saya bekerja melebihi tahap kebolehan saya.	1	2	3	4	5

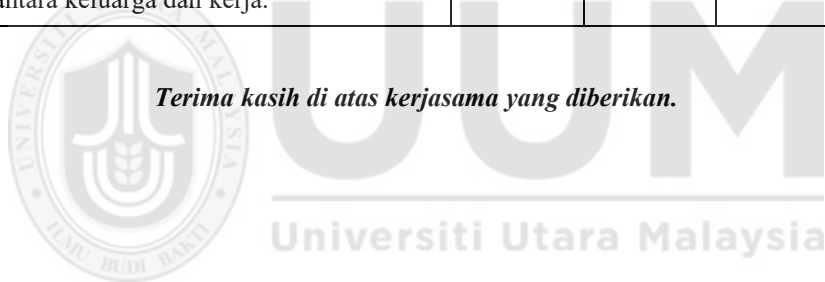


**BAHAGIAN G: AL-FALAH (KEJAYAAN) USAHAWAN MALAYSIA.**

Sila bulatkan skala yang bersesuaian yang mewakili pendapat anda berdasarkan skala berikut.

No	Soalan	Sangat tidak berpuas hati					Sangat berpuas hati	
		1	2	3	4	5		
33	Peningkatan hasil jualan.	1	2	3	4	5		
34	Kestabilan perniagaan.	1	2	3	4	5		
35	Memaksimakan keuntungan.	1	2	3	4	5		
36	Pertumbuhan organisasi.	1	2	3	4	5		
37	Kepimpinan industri.	1	2	3	4	5		
38	Peningkatan produktiviti.	1	2	3	4	5		
39	Kos pengeluaran yang rendah.	1	2	3	4	5		
40	Meningkatkan pendapatan peribadi untuk menyara keluarga.	1	2	3	4	5		
41	Mencipta peluang pekerjaan.	1	2	3	4	5		
42	Sumbangan kepada masyarakat setempat.	1	2	3	4	5		
43	Seimbang antara keluarga dan kerja.	1	2	3	4	5		

*Terima kasih di atas kerjasama yang diberikan.*



#### Appendix D: Number of Registered Companies and Businesses for 2019

	Local Companies	Foreign Companies	Total Companies	Total Business	Total Limited Liability Partnership
Until 31 December 2017	1,246,423	4,727	1,251,190	6,859,080	14,367
2018					
January	4,573	4	4,577	39,637	404
February	3,635	3	3,638	45,582	449
Mac	4,272	1	4,273	60,349	655
April	4,262	1	4,263	58,085	618
May	3,070	4	3,074	23,009	259
June	3,705	3	3,708	20,154	237
July	4,067	5	4,072	30,873	307
August	3,932	4	3,936	29,254	299
September	3,698	1	3,699	26,334	263
October	4,705	2	4,707	34,767	371
November	3,940	5	3,945	25,815	320
December	3,433	3	3,436	26,697	248
Total	47,292	36	47,328	420,556	4,430



## Appendix E: Descriptive Statistics

### HIGHEST EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PRIMARY SCHOOL	21	10.7	10.7	10.7
	SECONDARY SCHOOL	88	44.9	44.9	55.6
	CERTIFICATE	34	17.3	17.3	73.0
	DIPLOMA	36	18.4	18.4	91.3
	DEGREE	15	7.7	7.7	99.0
	MASTER	2	1.0	1.0	100.0
	Total	196	100.0	100.0	

### GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	47	24.0	24.0	24.0
	FEMALE	149	76.0	76.0	100.0
	Total	196	100.0	100.0	

### POSITION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	OWNER	32	16.3	16.3	16.3
	MANAGER	19	9.7	9.7	26.0
	WORKER	145	74.0	74.0	100.0
	Total	196	100.0	100.0	

### BUSINESS TYPE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FOOD&BEVERAGE	32	16.3	16.3	16.3
	CLOTHING&TEXTILE	125	63.8	63.8	80.1
	SERVICE	4	2.0	2.0	82.1
	HANDCRAFT	7	3.6	3.6	85.7
	OTHERS	28	14.3	14.3	100.0
	Total	196	100.0	100.0	

## Appendix F: ANOVA Test

### Descriptives

#### ALFALAH

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
FOOD&BEVERAGE	32	4.1619	.54484	.09631	3.9655	4.3584	3.09	5.00
CLOTHING& TEXTILE	125	4.0145	.57373	.05132	3.9130	4.1161	2.73	5.00
SERVICE	4	4.3636	.37113	.18557	3.7731	4.9542	4.00	4.73
HANDCRAFT	7	4.2727	.54038	.20424	3.7730	4.7725	3.64	5.00
OTHERS	28	4.2110	.51903	.09809	4.0098	4.4123	3.55	5.00
Total	196	4.0830	.56053	.04004	4.0041	4.1620	2.73	5.00

### Descriptives

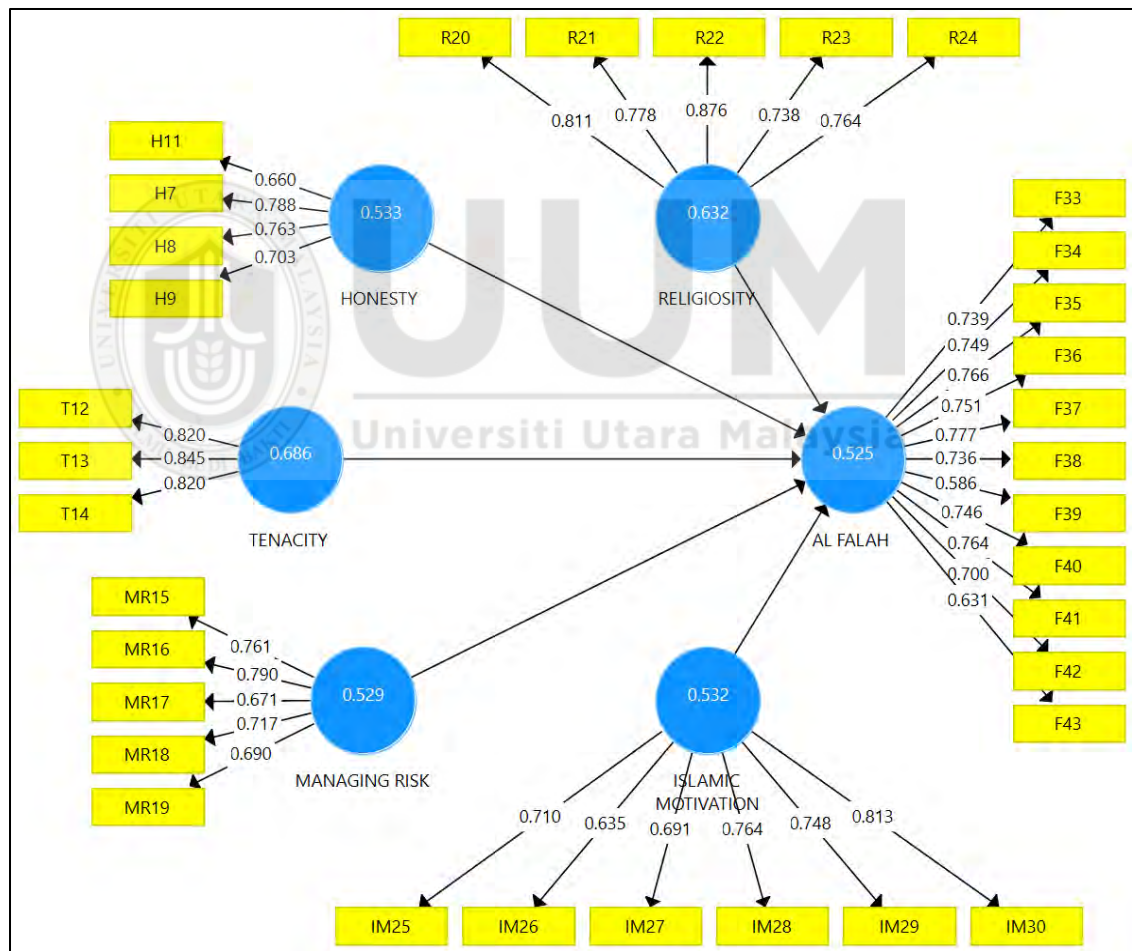
#### ALFALAH

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
BELOW 2	62	3.9780	.61848	.07855	3.8209	4.1351	2.73	5.00
2 TO 5	50	4.0618	.45378	.06417	3.9329	4.1908	3.00	5.00
6 TO 9	16	4.2102	.47147	.11787	3.9590	4.4615	3.55	5.00
Above 10	68	4.1644	.58711	.07120	4.0223	4.3066	3.09	5.00
Total	196	4.0830	.56053	.04004	4.0041	4.1620	2.73	5.00

## Appendix G: SmartPLS Analysis

Heterotrait-Monotrait Ratio (HTMT)

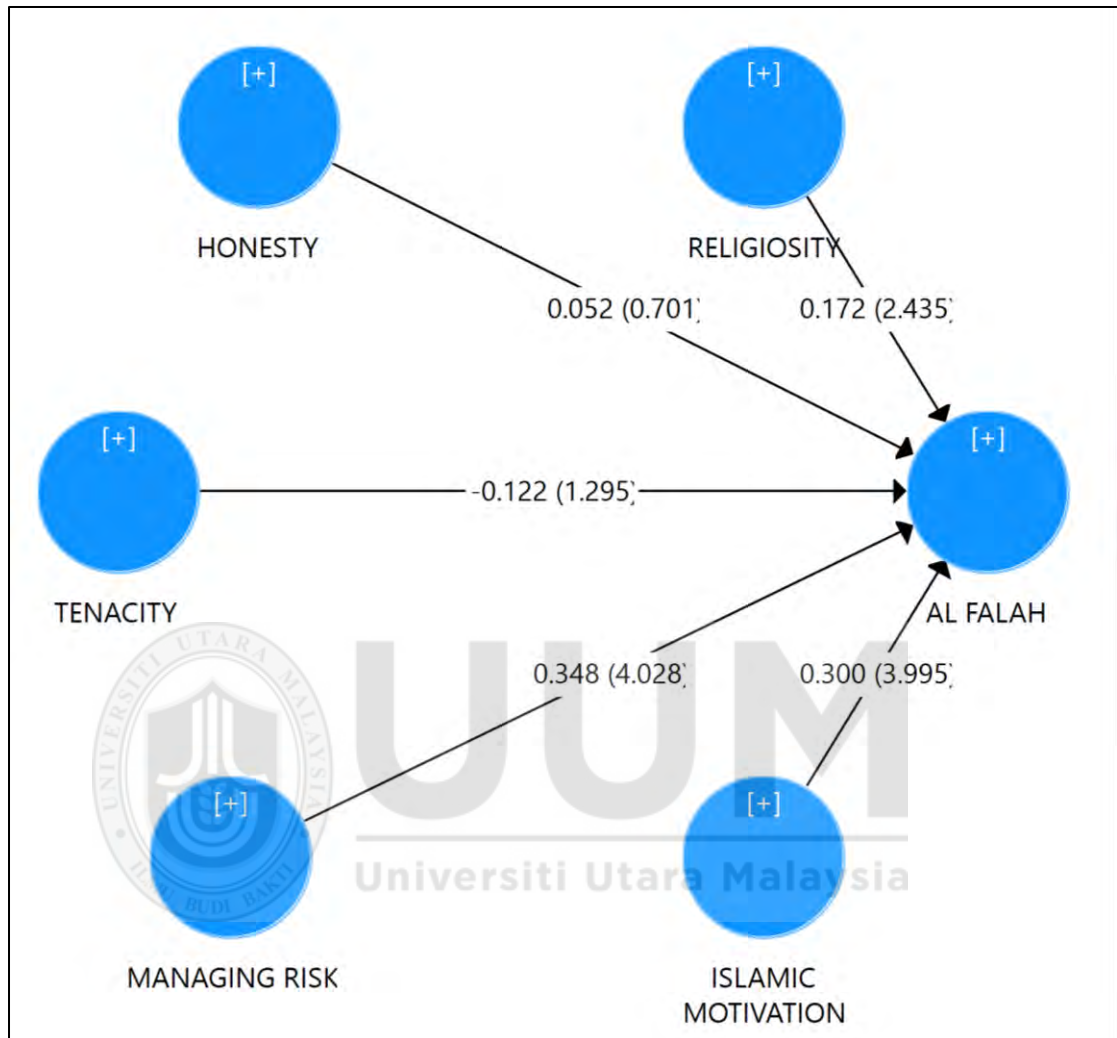
	AL FALAH	HONESTY	ISLAMIC MOTIVATION	MANAGING RISK	RELIGIOS	TENACITY
AL FALAH						
HONESTY	0.431					
ISLAMIC MOTIVATION	0.532	0.599				
MANAGING RISK	0.578	0.795	0.683			
RELIGIOSITY	0.319	0.292	0.248	0.337		
TENACITY	0.413	0.860	0.578	0.899	0.439	



Measurement Model of the Entrepreneurs' Al-Falah Framework

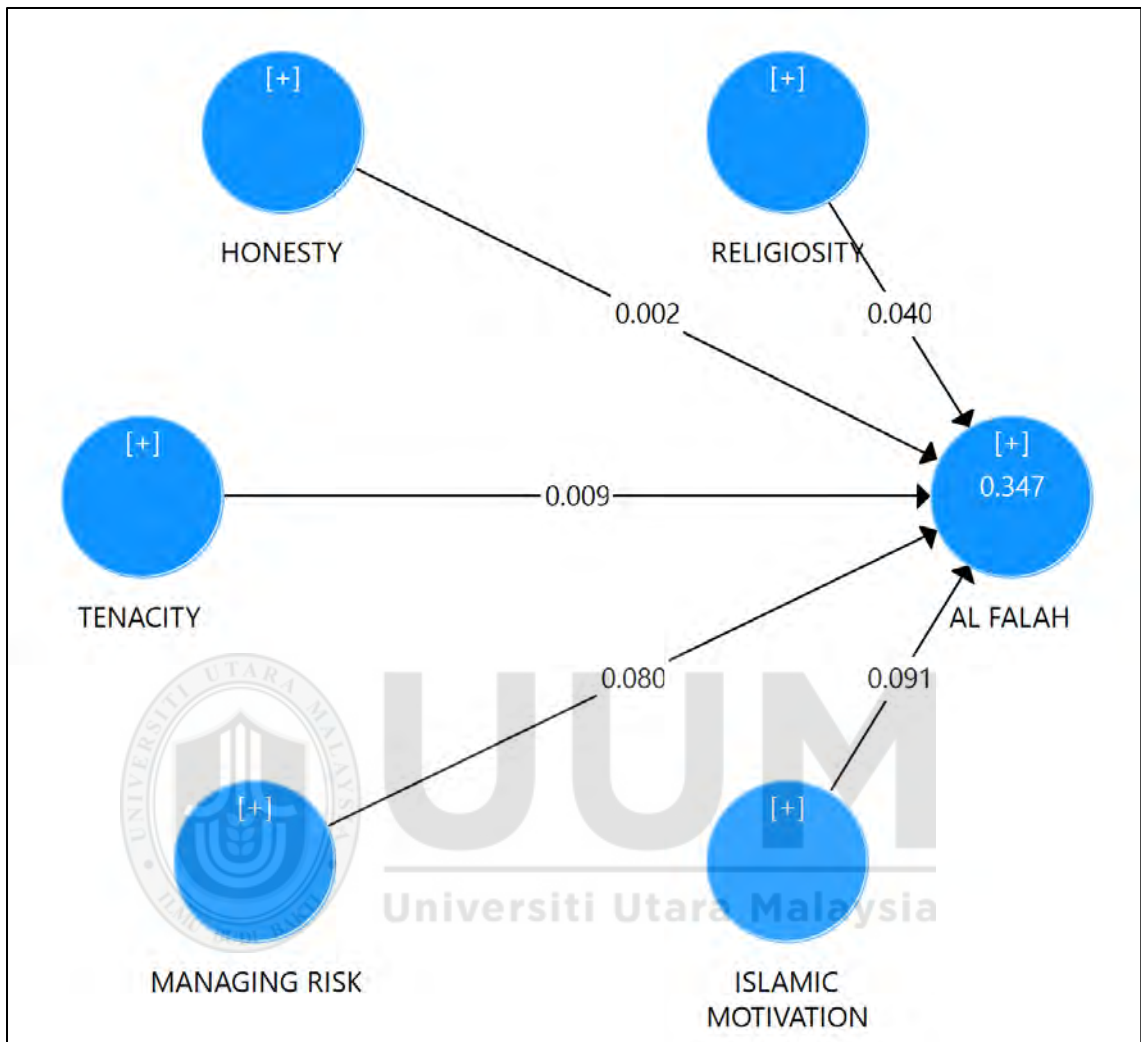
**Note:** Item H10, IM31 and IM32 are deleted due to low loadings.

## Appendix G: SmartPLS Analysis (Continued)



*The Structural Model of the Entrepreneurs' Al-Falah Framework*

### Appendix G: SmartPLS Analysis (Continued)



*Path Diagram with  $R^2$  and  $f^2$  Values.*